

Theresa Martha Martinez
Senior

Tempe Union High School

Harmony

refer no 11

~~Speaker today~~

over marked 337

out line points given

last reading
to full attention

Value = measure of value in terms
of money

Wednesday
associated

Baker on today's
paper

4 kinds of cooperation

we tell em the stories

6, Patient
letters

yes
~~much chips~~

READINGS IN AMERICAN DEMOCRACY

SELECTED AND EDITED BY

THAMES ROSS WILLIAMSON

ASSISTANT PROFESSOR OF ECONOMICS AND SOCIOLOGY

IN SMITH COLLEGE; AUTHOR OF

"PROBLEMS IN AMERICAN DEMOCRACY"

*Let us test our opinions by the knowledge of
the most diverse minds, and cling only to what
survives the encounter.*

D. C. HEATH & CO., PUBLISHERS

BOSTON

NEW YORK

CHICAGO

COPYRIGHT, 1922,
BY D. C. HEATH & Co.

2 B 3

PRINTED IN U.S.A.

TO
THOMAS NIXON CARVER
PATIENT TEACHER
SHREWD CRITIC
WISE FRIEND

PREFACE

This volume is designed to accompany the editor's *Problems in American Democracy*, and the choice and arrangement of the material have been influenced by the plan of that text.

In the preparation of this volume the effort has been to secure the advantages of a book of readings, and at the same time to avoid some of the drawbacks common to such compilations. In this connection the special features of the book may be referred to briefly:

The editor has attempted to strike a judicious compromise between too long and too short selections. It is intended that each selection shall prove sufficiently extended to convey a fair and adequate idea of the author's point of view; on the other hand, the pressure for space in the volume, and the desirability of suppressing material not bearing directly upon the point involved, have led to careful elimination, and, in some cases, to bracketed insertions. It need not be added that, in such cases, care has been taken not to distort the sense of the original.

Despite the wide range of many of the chapters, the editor has attempted to choose and to arrange the selections so that each chapter will constitute a logical and unified narrative. It is hoped, further, that the volume has gained something of the continuity of a text from the fact that an editorial paragraph has been used, not only to introduce each selection, but to connect and to weave together the two selections between which it stands.

To avoid the unsightliness of type of varying sizes, the same size of type has been used for both editorial introductions and the selections. Care has been taken, however, to indicate precisely where each editorial introduction stops and the selected reading begins.

To help the student to understand the selections, and to facilitate reference, marginal notes have been employed throughout the book.

A number of questions on the readings is supplied at the end of each chapter. The volume is provided with an index.

These features have been adopted with a double aim in view. In the first place, it is believed that they will render the volume more useful and attractive to students employing it in connection with the *Problems*. In the second place, it is hoped that these features will encourage the use of the volume independently of the editor's text. The editor believes that these selections may profitably be used not only by classes studying the problems of American democracy as such, but by classes in civics, government, economics, and sociology. Further, it is hoped that the book may find some favor with the general reader who seeks representative material upon a field of increasing importance, namely, the great national problems confronting the American people.

The procedure usual in preparing volumes of this kind has been followed. Points indicate omissions, and brackets the insertion of editorial material. Unless otherwise stated in the footnotes, each selection is intended to be an exact reproduction of the original. Wherever feasible, however, capitalization, spelling, and punctuation have been modernized, and where a slight grammatical error threatened to confuse or divert the attention of the student, there has been no hesitancy in correcting the defect. No attempt has been made, on the other hand, to tamper with the style of the selections.

While assuming responsibility for the defects of the book, the editor asks the indulgence of the reader on two grounds: First, because the great scope of the subject has rendered extremely difficult the selection of material which will adequately represent the historical, economic, social, and political phases of our national problems; and second, because in attempting this task the editor is breaking new ground, venturing into a field until now avoided by educators.

The thanks of the editor are due to the authors from whose writings the selections have been taken, and to the publishers who have kindly permitted the use of copyrighted material.

THAMES ROSS WILLIAMSON

February 19, 1922

CAMBRIDGE, MASSACHUSETTS

ACKNOWLEDGMENTS

Thanks are due to the following publishers and periodicals for permission to reprint extracts from copyrighted material: To Longmans, Green & Co. for Nos. 31, 58, 200, and 225; to the Macmillan Company for Nos. 37, 54, 59, 60, 154, 195, 199, 228, 229, and 230; to the *Quarterly Journal of Economics* for Nos. 40, 42, and 184; to the Johns Hopkins Press for No. 44; to Ginn & Company for Nos. 50 and 57; to Silver, Burdett & Co. for No. 51; to Henry Holt & Co. for Nos. 52 and 56; to Princeton University Press for Nos. 66, 185, and 186; to the National Industrial Conference Board for Nos. 68 and 105; to the *American Journal of Sociology* for Nos. 69 and 139; to the Coöperative League of America for Nos. 70 and 71; to Charles H. Kerr & Co. for No. 74; to Thomas Y. Crowell Co. for Nos. 91, 95, and 96; to Charles Scribner's Sons for Nos. 92, 226, and 227; to the American Statistical Association for No. 93; to the *Annals of the American Academy of Political and Social Science* for Nos. 102, 118, and 120; to the Chamber of Commerce of the United States of America for No. 107; to the Carnegie Foundation for No. 122; to the Arbor Press for No. 129; to Columbia University Press for Nos. 133 and 193; to the Pilgrim Press for No. 138; to the *American Economic Review* for No. 147; to B. W. Huebsch, Inc. for No. 144; to the National Civic Federation for No. 145; to the National Tax Association for Nos. 151, 187, and 188; to the National Citizens' League for No. 182; to the *American Law Review* for No. 196; to the Academy of Political Science in the City of New York for Nos. 197, 198, and 216; to G. P. Putnam's Sons for No. 205; to the *National Municipal Review* for Nos. 206, 217, 219, 223, and 224; to the American Political Science Association for No. 211; and to the following authors: to Dr. Frederick Starr for No. 39; and to Dr. T. N. Carver for No. 97.

CONTENTS

PART I

FOUNDATIONS IN AMERICAN DEMOCRACY

CHAPTER I — THE BACKGROUND OF AMERICAN DEMOCRACY

	PAGE
1. Christopher Columbus discovers America.....	1
From Christopher Columbus, <i>Journal</i> .	
2. Captain John Smith on conditions at Jamestown	3
From Captain John Smith, <i>Works</i> .	
3. The Pilgrims resolve to leave Holland.....	5
From William Bradford, <i>History of Plymouth Plantation</i> .	
4. The <i>Mayflower</i> reaches New England.....	7
From William Bradford, <i>History of Plymouth Plantation</i> .	
5. The struggles of the early colonists.....	9
From Timothy Dwight, <i>Travels in New England and New York</i> .	
6. Growth of the English colonies	11
From Benjamin Franklin, <i>Works</i> .	

CHAPTER II — THE ORIGIN OF AMERICAN DEMOCRACY

7. King John is forced to sign the Magna Charta.....	15
From the <i>Magna Charta</i> .	
8. The Pilgrims agree to establish a pure democracy.....	16
From the <i>Mayflower Compact</i> .	
9. Representative government in America	18
From the <i>Ordinance for Virginia</i> .	
10. A republic established in the Connecticut wilderness	20
From the <i>Fundamental Orders of Connecticut</i> .	
11. Virginia asserts the principles of just government.....	22
From the <i>Virginia Bill of Rights</i> .	
12. The colonists declare their independence.....	24
From the <i>Declaration of Independence</i> .	

CHAPTER III — THE DEVELOPMENT OF AMERICAN DEMOCRACY

13. Four colonies combine for mutual defense.....	30
From the <i>New England Confederation</i> .	

	PAGE
14. The union of all of the colonies is proposed.....	32
From the <i>Albany Plan of Union</i> .	
15. The states enter a league of friendship.....	34
From the <i>Articles of Confederation</i> .	
16. Washington outlines the needs of the country.....	38
From George Washington, <i>Circular Letter addressed to the Governors</i> .	
17. Hamilton summarizes the defects of the Confederation.....	39
From Alexander Hamilton, <i>Works</i> .	
18. Franklin calls for the ratification of the Constitution.....	42
From Jonathan Elliot, <i>Debates on the Adoption of the Federal Constitution</i> .	

CHAPTER IV — ESSENTIALS OF AMERICAN CONSTITUTIONAL GOVERNMENT

19. Individual rights under the Federal Constitution.....	45
From the <i>Constitution of the United States</i> .	
20. States' rights under the Federal Constitution.....	47
From the <i>Constitution of the United States</i> .	
21. The powers of the Federal government.....	48
From the <i>Constitution of the United States</i> .	
22. The extent of Federal powers.....	51
From U. S. Supreme Court decision in the case of <i>M'Culloch vs. the State of Maryland</i> .	
23. The check and balance system.....	53
From the <i>Federalist</i> .	
24. Significance of the judiciary in American government.....	55
From U. S. Supreme Court decision in the case of <i>Marbury vs. Madison</i> .	

CHAPTER V — THE PROBLEMS OF AMERICAN DEMOCRACY

25. Washington's charge to the nation.....	60
From George Washington, <i>Farewell Address</i> .	
26. Jackson on the aims of government.....	62
From Andrew Jackson, <i>Second Inaugural Address</i> .	
27. Lincoln on the spirit of lawlessness.....	63
From the Sangamon (Ill.) <i>Journal</i> .	
28. Roosevelt on the problems of American life.....	65
From Theodore Roosevelt, <i>Second Inaugural Address</i> .	
29. Wilson on the dangers of the World War period.....	68
From Woodrow Wilson, <i>Second Inaugural Address</i> .	
30. Harding on the issues of the Twentieth Century.....	70
From Warren G. Harding, <i>Address to Ohio Society of New York</i> .	

PART II

AMERICAN ECONOMIC PROBLEMS

a. ECONOMICS OF AMERICAN INDUSTRY

CHAPTER VI—THE NATURE OF AMERICAN INDUSTRY

	PAGE
31. Natural resources of the nation	75
From Ernest L. Bogart, <i>The Economic History of the United States</i> .	
32. Growth of population in the United States	77
From the U. S. Bureau of the Census, <i>Statistical Atlas of the U. S.</i>	
33. Occupations of the American People	79
From the <i>Thirteenth Census of the U. S.</i>	
34. Governmental encouragement of business	83
From various bulletins issued by the U. S. Government.	
35. Keeping track of industrial tendencies	85
From the National City Bank of New York, <i>Monthly Business Letter</i> .	
36. The wealth of the nation	87
From the U. S. Bureau of Census, <i>Estimated Valuation of National Wealth</i> .	

CHAPTER VII—WHAT IS MEANT BY PRODUCTION

37. Man's part in production	91
From Eugen von Boehm-Bawerk, <i>The Positive Theory of Capital</i> .	
38. The principle of the division of labor	93
From Adam Smith, <i>An Inquiry into the Nature and Causes of the Wealth of Nations</i> .	
39. The productive methods of savages	95
From Frederick Starr, <i>Some First Steps in Human Progress</i> .	
40. Division of labor in colonial manufactures	98
From Blanche E. Hazard, <i>The Organization of the Boot and Shoe Industry in Massachusetts before 1875</i> .	
41. Slater introduces power machinery into America	100
From <i>One Hundred Years' Progress of the U. S.</i>	
42. An example of the complex division of labor	102
From John R. Commons, <i>Labor Conditions in Meat Packing and the Recent Strike</i> .	

CHAPTER VIII—EXCHANGING THE PRODUCTS OF INDUSTRY

43. Relation of division of labor to the market	105
From Adam Smith, <i>An Inquiry into the Nature and Causes of the Wealth of Nations</i> .	

	PAGE
44. Beginnings in American railway development.....	107
From Milton Reizenstein, <i>The Economic History of the Baltimore & Ohio Railroad.</i>	
45. The nature and function of money.....	109
From Adam Smith, <i>An Inquiry into the Nature and Causes of the Wealth of Nations.</i>	
46. Price as a measure of value.....	111
From Charles Gide, <i>Principles of Political Economy.</i>	
47. A provision market in a great city.....	113
From the Department of Interior, Bureau of Education, <i>Lessons in Community and National Life.</i>	
48. The advantages of exchange.....	115
From Charles Gide, <i>Principles of Political Economy.</i>	

CHAPTER IX—DISTRIBUTING THE INCOME OF INDUSTRY

49. Distribution previous to the Industrial Revolution.....	119
From the Department of Interior, Bureau of Education, <i>Lessons in Community and National Life.</i>	
50. Distribution since the Industrial Revolution.....	121
From Thomas Nixon Carver, <i>Principles of Political Economy.</i>	
51. Some factors influencing rent.....	123
From Charles J. Bullock, <i>Introduction to the Study of Economics.</i>	
52. Some factors influencing interest.....	124
From Henry Rogers Seager, <i>Principles of Economics.</i>	
53. Some factors influencing wages.....	126
From Adam Smith, <i>An Inquiry into the Nature and Causes of the Wealth of Nations.</i>	
54. Some factors influencing profits.....	128
From Frank W. Taussig, <i>Principles of Economics.</i>	

CHAPTER X—BASES OF THE CAPITALISTIC SYSTEM

55. The evolution of private property.....	132
From Charles Gide, <i>Principles of Political Economy.</i>	
56. Types of business contracts.....	134
From Coleman Hall Bush, <i>Applied Business Law.</i>	
57. The forms of Competition	136
From Thomas Nixon Carver, <i>Principles of Political Economy.</i>	
58. Kinds of economic freedom.....	138
From Edwin R. A. Seligman, <i>Principles of Economics.</i>	
59. Production in anticipation of demand.....	141
From Henry Clay, <i>Economics for the General Reader.</i>	
60. The inequality of wealth.....	143
From Frank W. Taussig, <i>Principles of Economics.</i>	

b. PROGRAMS OF INDUSTRIAL REFORM

CHAPTER XI—SINGLE TAX

61. The persistence of poverty in modern life.....	147
From Henry George, <i>Progress and Poverty</i> .	
62. The remedy proposed by Henry George.....	148
From Henry George, <i>Progress and Poverty</i> .	
63. Results claimed for the single tax.....	150
From Henry George, <i>Progress and Poverty</i> .	
64. The case for the single tax.....	152
From Debaters' Handbook Series, <i>Selected Articles on Single Tax</i> .	
65. The case against the single tax.....	155
From Debaters' Handbook Series, <i>Selected Articles on Single Tax</i> .	
66. Services rendered by the single tax agitation.....	158
From Arthur Nichols Young, <i>The Single Tax Movement in the United States</i> .	

CHAPTER XII—PROFIT SHARING AND COÖPERATION

67. Profit-sharing establishments in the United States.....	161
From the U. S. Department of Labor, Bureau of Labor Statistics, <i>Profit Sharing in the U. S.</i>	
68. Examples of successful profit sharing.....	163
From the National Industrial Conference Board, <i>Research Report No. 29</i> .	
69. Examples of unsuccessful profit sharing.....	165
From Paul Monroe, "Profit Sharing in the U. S.," <i>American Journal of Sociology</i> .	
70. Examples of successful coöperation.....	167
From James Peter Warbasse, <i>The Coöperative Consumers' Movement in the United States</i> .	
71. Examples of unsuccessful coöperation.....	169
From James Peter Warbasse, <i>Producers' Coöperative Industries</i> .	
72. The social benefits of coöperation.....	171
From C. R. Fay, <i>Coöperation at Home and Abroad</i> .	

CHAPTER XIII—THE GENERAL NATURE OF SOCIALISM

73. Socialist theory of value.....	174
From Karl Marx, <i>Capital</i> .	
74. The laborer creates all value.....	175
From Karl Marx, <i>Value, Price and Profit</i> .	
75. The capitalist exploits the laborer.....	177
From Karl Marx and Frederick Engels, <i>The Communist Manifesto</i> .	

	PAGE
76. The doctrine of class struggle.....	179
From Karl Marx and Frederick Engels, <i>The Communist Manifesto</i> .	
77. Immediate aims of American socialism.....	181
From the Socialist Party of America, <i>Preamble to the National Constitution</i> .	
78. Ultimate aims of American socialism.....	182
From the United Communist Party, <i>Statement of Principles</i> .	

CHAPTER XIV — MILITANT SOCIALISM: THE I. W. W.

79. Why the I. W. W. organization was formed.....	185
From the Manifesto Calling a Convention to Organize the Industrial Workers of the World.	
80. The I. W. W. declare war upon capitalism.....	187
From the Industrial Workers of the World, <i>Preamble to the Constitution</i> .	
81. The purpose of "mass action.".....	188
From the N. Y. Joint Legislative Committee Investigating Seditious Activities, <i>Report</i> .	
82. The nature and purpose of sabotage.....	190
From the N. Y. Joint Legislative Committee Investigating Seditious Activities, <i>Report</i> .	
83. Excerpts from the I. W. W. press.....	191
From the <i>New Solidarity</i> , and <i>The One Big Union Monthly</i> .	
84. The call for a socialist revolution.....	193
From the American Anarchist Federated Commune Soviets, <i>Anarchist Soviet Bulletin</i> .	

CHAPTER XV — MILITANT SOCIALISM: THE BOLSHEVISTS

85. Socialism is established in Russia.....	197
From the Russian Socialist Federated Soviet Republic, <i>Constitution</i> .	
86. The suffrage under bolshevism.....	198
From the Russian Socialist Federated Soveit Republic, <i>Constitution</i> .	
87. Lenin defends the dictatorship of the proletariat.....	200
From Nickolai Lenin, as reported in the <i>Petrograd Pravda</i> .	
88. Aims of bolshevist propagandists abroad.....	202
From the Russian Socialist Federated Soviet Republic, "General Instructions to Foreign Agents."	
89. The suicide letter of a bolshevist.....	203
From J. Landfield, "A Commissar Disillusioned," <i>The Review</i> .	
90. The bolsheviks return to the capitalistic system.....	205
From the <i>New York Times</i> .	

CHAPTER XVI—THE CASE AGAINST SOCIALISM

91. The labor theory of value is untrue..... 208
 From James Edward Le Rossignol, *Orthodox Socialism*.
92. The laborer does not produce all wealth..... 210
 From Boris L. Brasol, *Socialism vs. Civilization*.
93. The masses are not reduced to wage slavery..... 212
 From the American Statistical Association, *Quarterly*.
94. Defects of socialist production..... 215
 From A. Schaeffle, *The Impossibility of Social Democracy*.
95. The defects of socialist distribution..... 217
 From Richard T. Ely, *Socialism and Social Reform*.
96. Socialism not necessary to industrial reform..... 219
 From Richard T. Ely, *Socialism and Social Reform*.

CHAPTER XVII—A DEMOCRATIC PROGRAM OF
INDUSTRIAL REFORM

97. The program outlined..... 223
 From Thomas Nixon Carver, *Essays in Social Justice*.
98. Taxation as a method of attacking unearned wealth..... 225
 From Edwin R. A. Seligman, *Address before the International Tax Association*.
99. The promise of vocational guidance..... 226
 From the National Vocational Guidance Association, *Principles adopted in Convention*.
100. Connecting the man and the job..... 228
 From John B. Andrews, *Labor Exchanges*.
101. The purpose of labor legislation..... 231
 From Frank Tracy Carlton, *The History and Problems of Organized Labor*.
102. The practice of thrift..... 233
 From the American Academy of Political and Social Science, *Annals*.

PART III

AMERICAN SOCIAL PROBLEMS

CHAPTER XVIII—INDUSTRIAL RELATIONS

103. The extent of strikes and lock-outs..... 237
 From the U. S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*.
104. Failure of voluntary arbitration: an example..... 239
 From the *New York Times*.
105. Legal responsibility in industrial relations..... 242
 From Forrest R. Black, *Should Trade Unions and Employers' Associations be made Legally Responsible?*

	PAGE
106. The Kansas Court of Industrial Relations.....	244
From the U. S. Department of Labor, Bureau of Labor Statistics, <i>Monthly Labor Review</i> .	
107. Proposed principles of industrial relations.....	246
From the Chamber of Commerce of the U. S., <i>A Labor Program by Business</i> .	
108. The promise of employee representation.....	249
From the Industrial Conference called by the President, <i>Report</i> .	

CHAPTER XIX—HEALTH IN INDUSTRY

109. The conservation of human life.....	253
From the Committee of One Hundred on National Health, <i>Report on National Vitality, its Wastes and Conservation</i> .	
110. Minimum standards for child laborers.....	255
From the <i>Washington and Regional Conferences on Child Welfare</i> .	
111. Standards governing the employment of women.....	257
From the U. S. Department of Labor, <i>Standards for the Em- ployment of Women in Industry</i> .	
112. Results of minimum wage legislation.....	259
From the U. S. Department of Labor, Bureau of Labor Statistics, <i>Monthly Labor Review</i> .	
113. A typical workmen's compensation law.....	262
From the <i>Statutes of the State of New York, Workmen's Compensation Law</i> .	
114. The constitutionality of labor legislation.....	264
From Frank Tracy Carlton, <i>The History and Problems of Organized Labor</i> .	

CHAPTER XX—IMMIGRATION AND ASSIMILATION

115. The nature of the immigrant labor supply.....	268
From the U. S. Immigration Commission, <i>Abstracts of Reports, with Conclusions, etc.</i>	
116. Living conditions in immigrant communities.....	270
From the U. S. Immigration Commission, <i>Abstracts of Reports with Conclusions, etc.</i>	
117. The literacy test.....	272
From the <i>Statutes of the U. S., Immigration Law of 1917</i> .	
118. Why California objects to the Japanese.....	273
From the American Academy of Political and Social Science, <i>Annals</i> .	
119. Americanizing the immigrant.....	275
From the U. S. Department of the Interior, Bureau of Edu- cation, <i>Bulletin</i> .	

	PAGE
120. A proposed immigration policy.....	277
From the National Committee for Constructive Immigration legislation, <i>Program</i> .	

CHAPTER XXI — CRIME AND CORRECTION

121. Taft on the defects of criminal procedure.....	281
From William Howard Taft, <i>Address</i> delivered before the Civic Forum, New York City.	
122. Results of the public defender movement.....	283
From the Carnegie Foundation for the Advancement of Teaching, <i>Bulletin</i> .	
123. Tendencies in the juvenile court movement.....	285
From the U. S. Department of Labor, Children's Bureau, <i>Courts in the United States Hearing Children's Cases</i> .	
124. Substitutes for imprisonment.....	287
From Charles Richmond Henderson, <i>Introduction to the Study of the Dependent, Defective, and Delinquent Classes</i> .	
125. The functions of the psychopathic expert.....	289
From the Chicago House of Correction, Research Depart- ment, <i>Bulletin</i> .	
126. Principles of reformation.....	291
From the National Prison Congress, <i>Declaration of Principles Promulgated at Cincinnati</i> .	

CHAPTER XXII — THE NEGRO

127. Occupations of the American Negro.....	295
From the U. S. Department of the Interior, Bureau of Education, <i>Bulletin</i> .	
128. Educational needs of the Negro.....	297
From the U. S. Department of the Interior, Bureau of Education, <i>Bulletin</i> .	
129. Statutory protection of the Negro.....	299
From Franklin Johnson, <i>The Development of State Legisla- tion Concerning the Free Negro</i> .	
130. A new negro problem: migration.....	301
From the U. S. Bureau of Labor, Division of Negro Economics, <i>Negro Migration in 1916-1917</i> .	
131. Inter-racial coöperation.....	303
From Oswald Garrison Villard, "The Objects of the National Association for the Advancement of Colored People."	
132. A charge to Negro boys and girls.....	305
From Robert R. Moton, <i>Address</i> delivered at the Com- mencement Exercises at Tuskegee Institute.	

CHAPTER XXIII — THE FAMILY

133.	Economic disruption of the family.....	309
	From James P. Lichtenberger, <i>Divorce, A Study in Social Causation</i> .	
134.	The struggle for home life in the city.....	311
	From the Housing Commission of the City of Des Moines, <i>Report</i> .	
135.	Pensions for poor mothers.....	313
	From the U. S. Department of Labor, Children's Bureau, <i>Laws relating to Mothers' Pensions in the United States, Denmark and New Zealand</i> .	
136.	A proposed uniform divorce law.....	315
	From the U. S. Bureau of Census, <i>Special Report on Marriage and Divorce</i> .	
137.	Education for home-making.....	318
	From the U. S. Department of the Interior, Bureau of Education, <i>Bulletin</i> .	
138.	The attitude of young people toward marriage.....	320
	From Raymond Calkins, <i>The Christian Idea in the Modern World</i> .	

CHAPTER XXIV — DEPENDENCY: ITS RELIEF
AND PREVENTION

139.	Instability of the urban neighborhood.....	323
	From the <i>American Journal of Sociology</i> .	
140.	The diagnosis of dependency.....	325
	From the Detroit Associated Charities, <i>Trouble Cases</i> .	
141.	The friendly visitor.....	327
	From the Associated Charities of Boston, <i>Twenty-first Annual Report</i> .	
142.	An ideal almshouse.....	329
	From the National Conference of Social Work, <i>Proceedings</i> .	
143.	State control of institutions for dependents.....	331
	From Charles Richmond Henderson, <i>Introduction to the Study of the Dependent, Defective, and Delinquent Classes</i> .	
144.	The movement for financial federation.....	333
	From the American Association for Organizing Charity, <i>Financial Federations</i> .	

CHAPTER XXV — RURAL LIFE

145.	Why young people leave the farm.....	337
	From Ernest R. Groves, <i>Using the Resources of the Country Church</i> .	

	PAGE
146. Buying farms with land-bank loans	339
From the U. S. Department of Agriculture, <i>Bulletin</i> .	
147. The marketing of the farmer's produce	341
From the <i>American Economic Review</i> .	
148. The viewpoint of the farm woman	343
From the U. S. Department of Agriculture, <i>Department Circular</i> .	
149. The consolidated rural school	345
From the U. S. Department of the Interior, Bureau of Education, <i>Bulletin</i> .	
150. The development of community spirit in the country	347
From the Wisconsin Country Life Conference, <i>Third Annual Report</i> .	

CHAPTER XXVI — EDUCATION

151. Standardization of schools within the state	351
From the U. S. Department of the Interior, Bureau of Education, <i>Bulletin</i> .	
152. Financing the school system	353
From the U. S. Department of the Interior, Bureau of Education, <i>Bulletin</i> .	
153. Compulsory school attendance	354
From the U. S. Department of the Interior, Bureau of Education, <i>Bulletin</i> .	
154. Problems in vocational education	357
From the U. S. Department of the Interior, Bureau of Education, <i>Bulletin</i> .	
155. Wider use of the school plant	359
From the U. S. Department of the Interior, Bureau of Education, <i>Bulletin</i> .	
156. The money value of education	361
From the U. S. Department of the Interior, Bureau of Education, <i>Bulletin</i> .	

PART IV

AMERICAN POLITICAL PROBLEMS

a. SOME ECONOMIC FUNCTIONS OF GOVERNMENT

CHAPTER XXVII — PUBLIC INTEREST IN BUSINESS: REGULATION

157. An example of industrial combination	364
From U. S. Department of the Interior, Bureau of Education, <i>Lessons in Community and National Life</i> .	
158. A typical trust agreement	366
From the U. S. Industrial Commission, <i>Preliminary Report on Trusts and Industrial Combinations</i> .	

	PAGE
159. Abuse of power by the trust.....	368
From the <i>United States vs. Patterson et al.</i>	
160. The Sherman Anti-trust Act of 1890.....	370
From the <i>Statutes of the United States, Federal Anti-trust law.</i>	
161. A great trust ordered dissolved.....	372
From the Supreme Court of the United States, Decision in the case of the <i>United States vs. the American Tobacco Company and others.</i>	
162. Significance of the Federal Trade Commission.....	374
From the <i>Statutes of the United States, Federal Trade Commission Law.</i>	

CHAPTER XXVIII—PUBLIC INTEREST IN BUSINESS: OWNERSHIP

163. Social importance of public utilities.....	378
From the <i>Report of the Committee on Interstate Commerce.</i>	
164. Extent of municipal ownership.....	380
From Carl D. Thompson, <i>Municipal Ownership.</i>	
165. The future of municipal ownership.....	381
From the <i>Report to the National Civic Federation on Municipal and Private Operation of Public Utilities.</i>	
166. The evils of railroad development.....	383
From the <i>Report of the Committee on Interstate Commerce.</i>	
167. Government administration of the railroads, 1917-1920.....	385
From the U. S. Railroad Administration, <i>Report of the Director-General to the President.</i>	
168. The Transportation Act of 1920.....	387
From the <i>Statutes of the United States, Transportation Act of 1920.</i>	

CHAPTER XXIX—THE TARIFF

169. The basis of international trade.....	391
From Alvin S. Johnson, <i>Introduction to Economics.</i>	
170. The nature of the tariff.....	393
From Alvin S. Johnson, <i>Introduction to Economics.</i>	
171. The United States Tariff Commission.....	395
From the National Tax Association, <i>Proceedings of the Thirteenth Annual Conference on Taxation.</i>	
172. Tariff principles of the Democratic party.....	397
From the Democratic National Committee, <i>Democratic Campaign Text-book.</i>	
173. Tariff principles of the Republican party.....	400
From the Republican National Committee, <i>Republican Campaign Text-book.</i>	
174. Relation of the tariff to national prosperity.....	402
From Frank William Taussig, <i>Principles of Economics.</i>	

CHAPTER XXX — CONSERVATION

175. Why conservation of natural resources is necessary.....	405
From the Conference of Governors, <i>Proceedings</i> .	
176. Declaration of the Conference of Governors.....	407
From the Conference of Governors, <i>Proceedings</i> .	
177. A National Conservation Association formed.....	409
From the National Conservation Association, <i>National Conservation Association, What It Is</i> .	
178. The principles of conservation.....	410
From the National Conservation Association, <i>Statement of Principles</i> .	
179. The legal basis of conservation.....	412
From questions submitted by the Senate of the State of Maine to the justices of the Supreme Judicial Court of Maine, with answers of the justices.	
180. Needed conservation legislation.....	414
From the U. S. Department of Agriculture, <i>Timber Depletion and the Answer</i> .	

CHAPTER XXXI — CREDIT AND BANKING

181. The function of a commercial bank.....	418
From the U. S. Department of the Interior, Bureau of Education, <i>Lessons in Community and National Life</i> .	
182. Our banking system before 1913.....	419
From the National Citizens' League for the Promotion of a Sound Banking System, <i>Banking Reform</i> .	
183. The panic of 1907.....	421
From the National Monetary Commission, <i>History of Crises under the National Banking System</i> .	
184. The Federal Reserve System.....	423
From the <i>Quarterly Journal of Economics</i> .	
185. Centralization under the Federal Reserve System.....	425
From Edwin Walter Kemmerer, <i>The A B C of the Federal Reserve System</i> .	
186. Elasticity under the Federal Reserve System.....	427
From Edwin Walter Kemmerer, <i>The A B C of the Federal Reserve System</i> .	

CHAPTER XXXII — TAXATION

187. Defects of American taxation.....	431
From State and Local Taxation, First National Conference, <i>Addresses and Proceedings</i> .	
188. Breakdown of the general property tax.....	433
From State and Local Taxation, Fourth International Conference, <i>Addresses and Proceedings</i> .	

	PAGE
189. The taxation of corporations.....	435
From Indiana University, Extension Division, <i>Proceedings of a Conference on Taxation in Indiana</i> .	
190. Social significance of taxation.....	436
From Théodore Roosevelt, <i>Annual Message to Congress</i> .	
191. Need of thorough study of the tax problem.....	438
From Indiana University, Extension Division, <i>Proceedings of a Conference on Taxation in Indiana</i> .	
192. Some principles of taxation	440
From Adam Smith, <i>An Inquiry into the Nature and Causes of the Wealth of Nations</i> .	

b. MAKING GOVERNMENT EFFECTIVE

CHAPTER XXXIII—WHO SHALL SHARE IN GOVERNMENT?

193. The suffrage in colonial times.....	443
From Cortlandt F. Bishop, <i>History of Elections in the American Colonies</i> .	
194. The demand for universal suffrage.....	445
From an <i>Address to the People of Rhode Island, assembled in Constitutional Convention in 1834</i> .	
195. Woman suffrage summed up.....	447
From William Bennett Munro, <i>The Government of the United States</i> .	
196. How the Negro is kept from voting.....	448
From the American Political Science Association, <i>Proceedings of the Second Annual Meeting</i> .	
197. Civic capacity cannot be created by proclamation.....	450
From the <i>American Law Review</i> .	
198. How many potential voters really vote?.....	453
From the <i>Political Science Quarterly</i> .	

CHAPTER XXXIV—THE POLITICAL PARTY

199. Extent of party organization.....	457
From James Bryce, <i>The American Commonwealth</i> .	
200. How the party influences voters.....	459
From Albert Bushnell Hart, <i>Actual Government</i> .	
201. Evils of the spoils system.....	461
From the National Civil Service Reform League, <i>Proceedings of the Annual Meeting, 1894</i> .	
202. The Civil Service Act of 1883.....	463
From the <i>Statutes of the United States, Civil Service Act of 1883</i> .	

	PAGE
203. Legal regulation of campaign contributions.....	465
From Senate Documents, <i>Publicity of Election Contributions and Expenditures.</i>	
204. Legal recognition of the political party.....	467
From the <i>Statutes of the State of Oregon.</i>	

CHAPTER XXXV — CHOOSING THE AGENTS OF GOVERNMENT

205. Essentials of a primary election law.....	471
From James Albert Woodburn, <i>Political Parties and Party Problems in the United States.</i>	
206. The non-partisan ballot.....	473
From the <i>National Municipal Review.</i>	
207. Adequate representation of the majority.....	475
From the <i>National Municipal Review.</i>	
208. Adequate representation of the minority.....	477
From the Illinois Legislative Reference Bureau, <i>Constitutional Convention Bulletins.</i>	
209. Evils of the long ballot.....	479
From the Municipal Association of Cleveland for the Short Ballot Movement in Ohio, <i>Report.</i>	
210. The principle of the short ballot.....	481
From the National Short Ballot Association, <i>The Doctrine of the Short Ballot.</i>	

CHAPTER XXXVI — HONESTY AND EFFICIENCY IN OFFICE

211. Obstacles to intelligent legislation.....	486
From the American Political Science Association, <i>Proceedings at its Fourth Annual Meeting.</i>	
212. The legislative reference bureau.....	488
From the Wisconsin Legislative Reference Department, <i>Publicity Bulletin.</i>	
213. Defects of the state administration.....	490
From the Illinois Efficiency and Economy Committee, <i>Report.</i>	
214. Results of a reorganized state administration.....	492
From the Illinois Efficiency and Economy Committee, <i>Report.</i>	
215. Need of a federal budget.....	494
From William Howard Taft, <i>Message to Congress.</i>	
216. Essentials of a good budget.....	496
From the Academy of Political Science, <i>Proceedings.</i>	
217. Results of the commission plan of government.....	498
From the <i>National Municipal Review.</i>	
218. Training the city manager.....	500
From the <i>National Municipal Review.</i>	

	PAGE
CHAPTER XXXVII — THE EXTENSION OF POPULAR CONTROL	
219. Constitutional provision for direct legislation.....	505
From the <i>Constitution of Oklahoma</i> .	
220. Initiative and Referendum petitions.....	507
From the <i>Statutes of the State of Missouri</i> .	
221. Helping the voters to make laws.....	508
From the <i>Statutes of the State of Oregon</i> .	
222. Constitutional provision for the Recall.....	510
From the <i>Constitution of Arizona</i> .	
223. An example of how the Recall is used.....	512
From the <i>National Municipal Review</i> .	
224. Popular control chiefly a threat.....	514
From the <i>National Municipal Review</i> .	

CHAPTER XXXVIII — PUBLIC OPINION

225. The origin of our personal opinions.....	517
From A. Lawrence Lowell, <i>Public Opinion and Popular Government</i> .	
226. The importance of talk.....	519
From Edwin Lawrence Godkin, <i>Problems of Modern Democracy</i> .	
227. The influence of the leader.....	521
From Charles Horton Cooley, <i>Human Nature and the Social Order</i> .	
228. The merits of Public Opinion.....	523
From James Bryce, <i>Modern Democracies</i> .	
229. The defects of Public Opinion.....	525
From Edward Alsworth Ross, <i>Social Control</i> .	
230. The improvement of Public Opinion.....	527
From Frank W. Blackmar and John Lewis Gillin, <i>Outlines of Sociology</i> .	
INDEX.....	531

READINGS IN AMERICAN DEMOCRACY

PART I — FOUNDATIONS IN AMERICAN DEMOCRACY

CHAPTER I

THE BACKGROUND OF AMERICAN DEMOCRACY

1. Christopher Columbus discovers America ¹

Of fascinating interest to students of American history is the private journal of Christopher Columbus. In this journal the daring navigator recorded the daily happenings of his memorable first voyage. From what appears to be an abridgment of the original journal, we learn of the departure from Palos, Spain, on Friday, August 3, 1492, and of the anxious weeks spent in search of the Indies. Early in October, 1492, there is, among the weary mariners, a general expectation of finding land at any moment. The journal describes the latter part of the voyage in the following language:

Columbus
sails to
the west

Sunday, October 7. For some time all of the vessels had been striving to outsail one another, and thus to be in a better position to gain the reward promised for discovering land. At sunrise, the *Niña*, leading the caravels by reason of her swiftness, hoisted a flag at her mast head, and gave the signal that she had discovered land. All that day nothing was seen of land, but the voyagers observed flocks of birds making for the southwest, and from this it was thought that land lay in that direction. Knowing that the Portuguese had discovered most of the islands they possessed by attending to the flight of birds, we shifted the course from west to west by southwest. We sailed in the night nearly five leagues, and twenty-three in the day. . . .

The *Niña*
believes she
has sighted
land, but is
mistaken.

¹ From Christopher Columbus, *Journal*. Abridged by Las Casas, and translated from the Spanish by Thames Ross Williamson.

The sailors
lose patience.

Wednesday, October 10. By day and night we made fifty-nine leagues progress; as it was customary to conceal from the crew the actual distance traversed, the men were told that the distance was but forty-four leagues. At this stage the men lost all patience, and complained of the length of the voyage. Columbus encouraged them as best he could, and added that it was to no purpose to complain, for having come so far they had nothing to do but to continue on to the Indies, till with the help of God, they should arrive there. . . .

Signs of
land.

Thursday, October 11. The crew of the *Pinta* picked up a stick which appeared to have been carved with an iron tool. Members of the same crew also picked up a piece of cane, (a plant which grows on land), and a board. The crew of the *Niña* saw other signs of land, including a stalk loaded with roseberries. These signs encouraged them, and all grew cheerful. We sailed till sunset, making for the entire day a total distance of twenty-seven leagues.

After sunset we steered the original course west and sailed twelve miles an hour until two hours after midnight, going about ninety miles, which are twenty-two leagues and a half. . . .

Columbus
sees a light.

At ten o'clock that evening, whilst standing on the quarter-deck, the Admiral [Columbus] saw a light, though it was so small a body that he could not be sure that it indicated land. He called to Pero Gutierrez, groom of the King's wardrobe. This man was informed of what the Admiral had seen, and was told to look. He did so, and saw the light. The Admiral made the same request of Rodrigo Sanchez of Segovia, whom the King and Queen had sent with the squadron as comptroller, but this person was unable to see the light. Later Columbus perceived the light once or twice again, appearing like the light of a wax candle moving up and down. He believed it to indicate land, and accordingly directed the seamen to keep a strict watch upon the fore-castle and to look diligently for land. To the man who should first see land Columbus promised a silken jacket, besides the reward which the King and Queen had offered.

Land! land!

At two o'clock in the morning, [October 12], the land was discovered at two leagues distant, by a sailor named Rodrigo de Triana. We took in sail and remained under the square-sail lying to until day, which was Friday. Presently we perceived people, and these were naked. Accompanied by an armed guard, the Admiral landed

in a boat, along with Martin Alonzo Pinzon, and Vicente Yanez the latter being commander of the *Niña*. The Admiral bore the royal standard, while Pinzon and Yanez each carried a banner of the Green Cross, containing the initials of the names of the King and Queen. . . .

Arrived on shore, Columbus called upon all present to bear witness that he took possession of the land for the King and Queen of Spain, and thereupon he made the requisite declarations. Numbers of the people of the island straightway collected together. Columbus saw that the natives were very friendly, and perceived that they could be more easily converted to the Holy Faith by gentle means than by force. Accordingly, he presented them with some red caps, and with strings of beads and many other trifles of small value, whereupon the natives were delighted and became wonderfully attached to us. . . .

The landing
of Columbus.

2. Captain John Smith on conditions at Jamestown¹

The Spanish had not been in America long before the French turned their attention to the New World. The English, however, did not make serious attempts to colonize America until toward the end of the sixteenth century, and it was not until after 1600 that their efforts were attended by success. A promising English settlement was made at Jamestown, Virginia, in 1607, but for several years this was so unsuccessful that at length his Majesty's Commissioners in England asked Captain John Smith for an explanation of the colony's backwardness. The following passages illustrate the type of questions asked by the Commissioners, and the replies made by Smith:

Lack of
progress at
Jamestown.

Question 1. Why has not the plantation prospered, although you left it in so good a condition?

The effect
of idleness
and care-
lessness.

Answer. In six months idleness and carelessness brought all that I did in three years to nothing; and of five hundred I left, scarce threescore remained; and had Sir Thomas Gates not got supplies from the Bermudas, I think they had been all dead before they could be supplied.

Question 2. Why does nothing but tobacco come from this country, although the country is good?

¹ From Captain John Smith, *Works*.

Why the
country
yields only
tobacco.

Answer. Because the market price of corn is such, and the market price of tobacco is such, that a man's labor at tobacco yields more than it does growing corn. Now make a man's labor in corn worth threescore pound, and in tobacco but ten pound a man, and they shall have corn sufficient to entertain all comers, and shall keep their people in health to do anything; but till then, there will be little or nothing to any purpose.

Cause of
the massacre.

Question 3. What do you believe was the cause of the massacre, and had the savages had the use of firearms in your time, or when, or by whom were they taught?

Answer. The cause of the massacre was the want of martial discipline; and because they would have all the English had by destroying those they found so carelessly secure, that they were not provided to defend themselves against; being so dispersed as they were. In my time, though Captain Newport furnished them with swords by truck, and many fugitives did the like, and some firearms they got accidentally: yet I got most of them again; and it was death to him that should show a savage the use of firearms. . . .

The defects
of govern-
ment.

Question 6. What think you are the defects of government both here and there?

Answer. The multiplicity of opinions here, and officers there makes such delays by questions and formalities, that as much time is spent in complement as in action. Besides, some are so desirous to employ their ships, having six pounds for every passenger, and three pounds for every ton of goods, at which rate a thousand ships may now better be procured than one at the first, when the common stock defrayed all freights, wages, provisions and magazines, whereby the ships are so pestered, as occasions much sickness, disease and mortality. For though all the passengers die they are sure of their freight; and then all must be satisfied with orations, disputations, excuses and hopes. . . .

But fewer adventurers here will adventure any more till they see the business better established, although there be some so wilfully improvident that they care for nothing but to get thither, and then if their friends be dead, or want themselves, they die or live but poorly for want of necessities. To think that the old planters can relieve them were too much simplicity. For if in England it is difficult for

persons themselves well-provided to feed two or three strangers, how much more difficult is it in Virginia, where such persons are themselves in want? . . .

3. The Pilgrims resolve to leave Holland ¹

So long as governments and joint stock companies dominated the colonization of the New World, the settlements made little progress. The first tenacious and really successful colonists were individuals and groups of individuals who came to America, not to seek treasure or easily gotten gains, but to build homes, to enjoy freedom of conscience, and to practice local self-government. Perhaps the best known of these early home-seekers were the Pilgrims. At the beginning of the seventeenth century several groups of these people had left England to settle in Holland, but though they enjoyed many advantages among the Dutch, they at length began to consider the desirability of removing to some other place. In the following passage the reasons which led the Pilgrim congregation to leave Holland are recounted by William Bradford, one of their number:

Significance
of the
Pilgrims.

First, they saw by experience that the hardships of the country were such that relatively few others would join them, and fewer still would remain with them in Holland. Many who came and many more who desired to come, could not stand the continual labor and hard fare and other inconveniences which they themselves had been content to endure. For though many desired to enjoy the ordinances of God in their purity, and the liberty of the gospel, yet, alas, they preferred to submit to bondage, with danger to their conscience, rather than endure these privations. Some even preferred prisons in England to this liberty in Holland, with such hardships. . . .

Hardships
in Holland.

Secondly, they saw that though the people generally bore these difficulties very cheerfully, and with resolute courage, being in the best strength of their years; yet old age began to steal on many of them, and their great and continual labors, with other crosses and sorrows, hastened it before their time. . . .

Premature
old age.

Thirdly, as necessity was a task-master over them, so they themselves were forced to be, not only over their servants, but in a sort

Hardships
and

¹ From William Bradford, *History of Plymouth Plantation*, Chapter iv.

over their dearest children. This wounded the hearts of many a loving father and mother, and produced many sad and sorrowful effects. Many of their children, who were of the best disposition, and who had learned to bear the yoke in their youth and were willing to bear part of their parents' burden, were often so oppressed with their labours, that though their minds were free and willing, their bodies bowed under the weight and became decrepit in early youth. . . .

temptations
experienced
by their
children.

But still more lamentable, and of all sorrows most heavy to be borne, was that many of the children, influenced by these conditions, and the great licentiousness of the young people of the country, and the many temptations of the place, were led by evil example into dangerous courses, getting the rein off their necks and leaving their parents. Some became soldiers, others embarked upon voyages by sea, and others upon worse courses, tending to dissoluteness and the danger of their souls, to the great grief of the parents and the dishonor of God. So they saw their posterity would be in danger to degenerate and become corrupt.

The
missionary
spirit.

Last and not least, they cherished a great hope and inward zeal of laying good foundations, or at least of making some way towards it, for the propagation and advance of the gospel of the kingdom of Christ in the remote parts of the world, even though they should be but stepping stones to others in the performance of so great a work.

And so they
resolve to
remove to
America.

These and some other similar reasons, moved them to resolve upon their removal, which they afterwards prosecuted in the face of great difficulties. . . .

The place they fixed their thoughts upon was somewhere in those vast and unpeopled countries of America, which were fruitful and fit for habitation, though devoid of all civilized inhabitants and given over to savages, differing little from the wild beasts themselves. . . .

After many things had been alleged for and against the journey, it was fully decided by the majority to undertake the enterprise, and to prosecute it by the best means they could. . . .

4. The "Mayflower" reaches New England¹

Determined to try their fortunes in the New World, the Pilgrims returned to England, and having overcome a number of preliminary obstacles, at length set sail for America. After a tedious and distressing voyage of many weeks, they anchored in Cape Cod harbor on the eleventh of November, 1620. Before going ashore they adopted what is known as the Mayflower Compact, by means of which they formed themselves into a body politic. After agreeing to this compact, they chose John Carver to act as their governor for the first year. The following extracts from Bradford's *History of Plymouth Plantation* describe the landing of the Pilgrims:

The
Mayflower
weighs
anchor off
Cape Cod.

. . . Necessity called on them to look out for a place of habitation. Having brought a large shallop with them from England, stowed in quarters in the ship, they now got her out, and set their carpenters to work to trim her up; but being much bruised and battered in the foul weather they saw she would be long mending. So a few of them volunteered to go by land and explore the neighboring parts, whilst the shallop was put in order; particularly since, as they entered the bay, there seemed to be an opening some two or three leagues off, which the captain thought was a river. It was conceived there might be danger in the attempt; but seeing them resolute, sixteen of them, well-armed, were permitted to go, under charge of Captain Standish.

A party
prepares to
go ashore.

They set forth on the 15th of November, being landed by the ship's boat, and when they had marched about the space of a mile by the seaside, they espied five or six persons with a dog coming toward them. They were savages; but they fled back into the woods, followed by the English, who wished to see if they could speak with them, and to discover if there were more lying in ambush. But the Indians, seeing themselves followed, left the woods, and ran along the sands as hard as they could, so our men could not come up with them, but followed the track of their feet several miles. . . .

Some Indians
and a dog
are seen.

Night coming on, they made their rendezvous, and set sentinels, and rested in quiet. Next morning they again pursued the Indians' tracks, till they came to a great creek, where they had left the sands and turned into the woods. But they continued to follow them by guess, hoping to find their dwellings; but soon they lost both the

The next day

¹ From William Bradford, *History of Plymouth Plantation*, Chapter x.

Indians and themselves, and fell into such thickets that their clothes and armour were injured severely; but they suffered most from want of water. At length they found some, and refreshed themselves with the first New England water they had drunk; and in their great thirst they found it as pleasant as wine or beer had been before. Afterwards they directed their course towards the other shore, for they knew it was only a neck of land they had to cross over. At length they got to the sea-side, and marched to this supposed river, and by the way found a pond of fresh water, and shortly after a quantity of cleared ground where the Indians had formerly planted corn; and they found some of their graves.

they find
some Indian
corn, part of
which they
take back to
the ship
with them.

Proceeding further, they saw stubble where corn had been grown the same year, and also found a place where a house had lately been, with some planks, and a great kettle and heaps of sand newly banked, under which they found several large baskets filled with corn, some in the ear of various colours, which was a very goodly sight they having never seen any like it before. This was near the supposed river that they had come to seek. When they reached it, they found that it opened into two arms, with a high cliff of sand at the entrance, but more likely to be creeks of salt water than fresh, they thought. There was good harbourage for their shallop, so they left it to be further explored when she was ready. The time allowed them having expired, they returned to the ship, lest the others should be anxious about their safety. They took part of the corn and buried the rest; and so, like the men from Eschol, carried with them of the fruits of the land, and showed their brethren; at which the rest were very glad, and greatly encouraged.

The
exploration
is continued.

After this, the shallop being ready, they set out again for the better reconnoitering of the place. The captain of the ship desired to go himself, so there were some thirty men. However, they found it to be no harbour for ships, but only for boats. They also found two of the Indians' houses covered with mats, and some of their implements in them; but the people had run away and could not be seen. They also found more corn, and beans of various colours. These they brought away, intending to give them full satisfaction when they should meet with any of them, — as about six months afterwards they did. . . .

5. The struggles of the early colonists ¹

Once it had been demonstrated that the American wilderness could be fashioned into homes, colonists flocked to the New World. Clusters of settlements formed all along the Atlantic seaboard, while back from the coast the clearing of the solitary planter came to be a common sight. Though the type of settlement varied with the geography of the region, it is generally true that the pioneering process was everywhere the same. From Maine to Georgia it involved fashioning a rude dwelling, clearing the forest, and planting crops. The following description of pioneering in New England, therefore, may be taken as also typical of the settler's work elsewhere in the colonies:

. . . The planters are necessitated to struggle with many difficulties. To clear a farm covered with a thick growth of large trees, such as generally abound in this country, is a work of no small magnitude. Especially is this true when, as is usually the fact, it is to be done by a single man; and still more especially, when that man is poor, and obliged to struggle with many other discouragements. . . .

The work of the pioneer,

and the difficulties confronting him.

When a planter commences this undertaking, he sets out for his farm with his axe, gun, blanket, provision and ammunition. With these he enters the forest and builds himself a shed by setting up poles at four angles, crossing them with other poles, and covering the whole with the bark, leaves and twigs of trees, except the south side, which is purposely left open to the sun and a fire.

Under this shelter he dresses his food, and makes his bed of straw on which he sleeps soundly beneath his blanket. Here he usually continues through the season, and sometimes without the sight of any other human being. After he has completed this shelter, he begins to clear a spot of ground, *i. e.* to remove the forest by which it is covered. . . .

He constructs a shelter, clears the ground,

After the field is burned over, his next business is to break it up. The instrument employed for this purpose is a large and strong harrow. . . . It is drawn over the surface a sufficient number of times

prepares it for planting,

¹ From Timothy Dwight, *Travels in New England and New York*. New Haven, 1821. Vol. II, pp. 464-469.

to make it mellow, and afterwards to cover the seed. A plough here would be of no use, as it would soon be broken to pieces by the roots of the trees. In the same manner the planter proceeds to another field, and to another, until his farm is sufficiently cleared to satisfy his wishes.

and builds
a house and
a barn.

The first house which he builds is formed of logs . . . with a stone chimney in the middle. His next labour is to procure a barn; generally large, well framed, covered and roofed. Compared with his house, it is a palace. But for this a sawmill is necessary, and is therefore built as early as possible.

Isolation
handicaps
the pioneer.

It will be easily believed that the labours already mentioned must be attended by fatigue and hardships, sufficient to discourage any man who can live tolerably on his native soil. But the principal sufferings of these planters, in the early periods of their business, spring from quite other sources. The want of neighbors to assist them, the want of convenient implements, and universally the want of those means without which the necessary business of life cannot be carried on, even comfortably; is among their greatest difficulties. The first planters at Haverhill and Newbury, on the Connecticut river, were obliged to go to Charlestown, more than seventy miles, to get their corn ground . . . and to obtain assistance to raise the frame of every building. At that time there was no road between these towns. The travelling was, of course, all done on the river. . . .

Lack of
medical aid.

In sickness, and other cases of suffering and danger, these planters are often without the aid either of a physician, or a surgeon. To accidents they are peculiarly exposed by the nature of their employments, while to remedies, besides such as are supplied by their own skill and patience, they can scarcely have any access. . . .

The problem
of getting
food.

As most of the first planters were poor, and as many of them had numerous families of small children, the burden of providing food for them was heavy, and discouraging. Some relief they found, at times, in the game with which the forests were formerly replenished. But supplies from that source were always precarious, and could never be relied on with safety. Fish, in the wild season, might often be caught in the streams, and in the lakes. In desperate cases the old settlements, though frequently distant, were always in possession

of abundance, and, in the mode either of commerce or of charity, would certainly prevent them and theirs from perishing with hunger.

To balance these evils, principally suffered by the earliest class of planters, they had some important advantages. Their land, usually covered with a thick stratum of vegetable mould, was eminently productive. Seldom were their crops injured by the blast, or the mildew, and seldom were they devoured by insects. When the wheat was taken from the ground, a rich covering of grass was regularly spread over the surface, and furnished them with an ample supply of pasture and hay for their cattle.

The advantages of pioneer life.

Besides the abundance of their crops, they had the continual satisfaction of seeing their embarrassments daily decreasing, and their wealth and their comforts daily increasing. . . . The planter is cheered by the continual sight of improvement in everything about him. His fields increase in number and beauty. His means of living are enlarged. The wearisome part of his labour is gradually lessened. His neighbors multiply, and his troubles annually recede. . . .

Among the enjoyments of these people, health, and hardihood, ought never to be forgotten. The toils which they undergo, the difficulties which they surmount, and the hazards which they escape, all increase their spirits and their firmness. . . . The minds of these settlers therefore possess the energy which results from health, as well as that which results from activity, and few persons taste the pleasures which fall to their lot, with a keener relish. The common troubles of life, often deeply felt by persons in easy circumstances, scarcely awaken in them the slightest emotion. Cold and heat, snow and rain, labour and fatigue, are regarded by them as trifles, deserving no attention. The coarsest food is pleasant to them, and the hardest bed refreshing. . . .

The early pioneers were healthy, active, and optimistic.

6. Growth of the English colonies ¹

Though she entered the field relatively late, England was destined to dominate the colonization of North America. In 1664 the Dutch surrendered New Amsterdam to the English, and in 1763 France

Rapid increase in population.

¹ From Benjamin Franklin, *Works*.

relinquished her claim to the eastern half of the Mississippi Valley. These concessions on the part of Holland and France left England in undisputed possession of the Atlantic seaboard. For a long time prior to 1763, moreover, the number of English subjects in America had been increasing rapidly, so rapidly, indeed, as to occasion frequent comment. In 1751, for example, Benjamin Franklin anticipated the growing power of the British in America in the following terms:

Cheap land encourages the settler to marry early.

. . . Land being thus plenty in America, and so cheap as that a labouring man, that understands husbandry, can in a short time save money enough to purchase a piece of new land sufficient for a plantation, whereon he may subsist a family, such are not afraid to marry. For if they even look far enough forward to consider how their children when grown up, are to be provided for, they see that more land is to be had at rates equally easy, all circumstances considered. Hence marriages in America are more general, and more generally early, than in Europe. And if it is reckoned there, that there is but one marriage per annum among one hundred persons, perhaps we may here reckon two, and if in Europe they have but four births to a marriage, . . . we may here reckon eight, of which if one half grow up, and our marriages are made, . . . our people must at least be doubled every twenty years.

Position of the laborer in America.

But notwithstanding this increase, so vast is the territory of North America, that it will require many ages to settle it fully. And till it is fully settled, labour will never be cheap here, where no man continues long a laborer for others, but gets a plantation of his own. No man continues long a journeyman to a trade, but goes among those new settlers and sets up for himself, etc. Hence labour is no cheaper now, in Pennsylvania, than it was thirty years ago, though so many thousand labouring people have been imported. . . .

Franklin speculates as to the effect of the future increase in the American population.

There is . . . no bound to the prolific nature of plants or animals, but what is made by their crowding and interfering with each other's means of subsistence. If the face of the earth were vacant of other plants, it might be gradually sowed and overspread with one kind only, as for instance, with fennel; and if it were empty of other inhabitants, it might in a few ages be replenished from one nation only, as for instance, with Englishmen.

Thus there are supposed to be now upwards of one million English souls in North America, . . . and yet perhaps there is not one the fewer in Britain, but rather many more, on account of the employment the colonies afford to manufacturers at home. This million doubling, suppose but once in twenty-five years, will in another century be more than the people of England, and the greatest number of Englishmen will be on this side of the water. What an accession of power to the British Empire by sea as well as land! What increase of trade and navigation! What numbers of ships and seamen! We have been here but little more than one hundred years, and yet the force of our privateers in the late war, united, was greater, both in men and guns, than that of the whole British navy in Queen Elizabeth's time. How important an affair then to Britain is the present treaty for settling the bounds between her colonies and the French, and how careful should she be to secure room enough, since on the room depends so much the increase of her people. . . .

Questions on the foregoing Readings

1. On what date did Columbus leave Spain on his first voyage of discovery?
2. Why do you suppose Columbus deceived his crew as to the actual distance traversed?
3. What signs of land were encountered on October 11th?
4. Describe the first sight of land on the morning of October 12th.
5. What did Columbus do when he went ashore?
6. What two European powers preceded England in the colonization of the New World?
7. How did Captain John Smith explain the failure of the colony at Jamestown to progress?
8. Why did the early settlers at Jamestown prefer growing tobacco to growing corn?
9. What was Smith's suggestion as to the method of causing the colonists to prefer corn culture to tobacco raising?
10. What did Smith give as the cause of the Jamestown massacre?
11. What, according to Smith, were the defects of government in Virginia?
12. What is the significance of the Pilgrims?
13. When did the Pilgrims settle in Holland?
14. Describe the life of the Pilgrims in Holland.

15. Give several reasons why the Pilgrims resolved to remove from Holland to America.
16. What did they do when they had made this resolve?
17. Describe the landing of the Pilgrims in New England.
18. Where did they find some corn which the Indians had hidden?
19. Describe the work of the early settler in clearing the forest and preparing the soil for planting.
20. To what extent was isolation a handicap to the early settler?
21. Name some of the advantages of pioneer life.
22. What can be said as to the health and spirits of the early pioneers?
23. What was the relation between cheap land and early marriages in Colonial America?
24. Why was labour well paid in early America?
25. What was Benjamin Franklin's prediction as to the future population of America?

CHAPTER II

THE ORIGIN OF AMERICAN DEMOCRACY

7. King John is forced to sign the Magna Charta¹

At the same time that the early American colonists were building homes in the wilderness, they were also developing their ideas of government. Without exception these early colonists were from the monarchical countries of Europe, yet a considerable number brought to their new home certain definite beliefs as to rights of the individual. Some of the settlers who came from England, for example, looked back to the Magna Charta as a definite limitation upon the royal power. This instrument, signed by King John on June 15, 1215, reduced many of the vague rights of Englishmen to tangible form. As a definite body of law, it constitutes the basis of all later English and American written statements of free institutions. The first ten amendments to our Federal Constitution, as well as the bill of rights attached to the constitutions of the several American states, have been called by Lord Bryce "the legitimate children of Magna Charta." The following are the most significant passages in this celebrated document:

. . . We also have granted to all the freemen of our kingdom, for us and for our heirs for ever, all the underwritten liberties, to be had and holden by them and their heirs, of us and our heirs for ever. . . .

And for holding the general council of the kingdom concerning the assessment of aids, except in the three cases aforesaid, and for the assessing of scutage, we shall cause to be summoned the archbishops, bishops, abbots, earls, and greater barons of the realm, singly by our letters. And furthermore, we shall cause to be summoned generally, by our sheriffs and bailiffs, all others who hold of us in chief, for a certain day . . . and to a certain place; and in all

Significance of the document signed by King John in 1215.

A grant of eternal liberties.

This clause later became the germ of representation in the House of Commons.

¹ From the *Magna Charta*.

letters of such summons we will declare the cause of such summons. And, summons being thus made, the business shall proceed on the day appointed, according to the advice of such as shall be present, although all that were summoned come not. . . .

Nothing from henceforth shall be given or taken for a writ of inquisition of life or limb, but it shall be granted freely, and not denied. . . .

Justice is
guaranteed.

No freeman shall be taken or imprisoned, or dispossessed, or outlawed, or banished, or any ways destroyed, nor will we pass upon him, nor will we send upon him, unless by the lawful judgment of his peers, or by the law of the land.

We will sell to no man, we will not deny to any man, either justice or right. . . .

A check on
the king.

And whereas, for the honor of God and the amendment of our kingdom, and for the better quieting the discord that has arisen between us and our barons, we have granted all these things aforesaid; willing to render them firm and lasting, we do give and grant our subjects the underwritten security, namely, that the barons may choose five and twenty barons of the kingdom, whom they think convenient; who shall take care, with all their might, to hold and observe, and cause to be observed, the peace and liberties we have granted them. . . .

Both the
king and the
barons agree
to respect
the terms
of the
charter.

Wherefore we will and firmly enjoin . . . that all men in our kingdom have and hold all the aforesaid liberties, rights and concessions, truly and peaceably, freely and quietly, fully and wholly to themselves and their heirs, of us and our heirs, in all things and places, for ever, as is aforesaid. It is also sworn, as well on our part as on the part of the barons, that all the things aforesaid shall be observed in good faith, and without evil subtilty. Given under our hand, . . . in the meadow called Runingmede, between Windsor and Staines, the 15th day of June, in the 17th year of our reign.

8. The Pilgrims agree to establish a pure democracy¹

When the Pilgrims set out for America they took with them the memory of all those traditional guarantees which had first been put

¹ From the *Mayflower Compact*, 1620.

in writing by the Magna Charta. In addition they carried with them the experience of the community self-government which had been a feature of their several years' residence in Holland. When, therefore, they dropped anchor in Cape Cod harbor on November 11, 1620, they had at least two political principles in mind: First, the necessity of protecting individuals against governmental aggression; second, the importance of established government in a new land. Before landing, they accordingly "by mutual consent entered into a solemn combination, as a body politic, to submit to such government and governors, laws and ordinances, as should by a general consent, from time to time, be made choice of, and assented unto." The text of this Mayflower Compact follows:

The Pilgrims draw up the Mayflower Compact.

In the name of God, Amen. We whose names are underwritten, the loyal subjects of our dread sovereign Lord, King James, by the grace of God, of Great Britain, France, and Ireland King, Defender of the faith, etc.

Preamble.

Having undertaken for the glory of God, and advancement of the Christian faith, and honor of our King and country, a voyage to plant the first colony in the northern parts of Virginia; do by these presents solemnly and mutually, in the presence of God and of one another, covenant and combine ourselves together into a civil body politic, for our better ordering and preservation, and furtherance of the ends aforesaid; and by virtue hereof to enact, constitute, and frame such just and equal laws, ordinances, acts, constitutions, and offices, from time to time, as shall be thought most meet and convenient for the general good of the colony; unto which we promise all due submission and obedience.

They agree to the establishment of a civil body politic in their new home.

In witness whereof, we have hereunto subscribed our names, at Cape Cod, the eleventh of November, in the reign of our sovereign Lord King James, of England, France, and Ireland the eighteenth, and of Scotland the fifty-fourth, Anno Dom. 1620.

John Carver
William Bradford
Edward Winslow
William Brewster
Isaac Allerton
Miles Standish
John Alden

Edward Tilly
John Tilly
Francis Cooke
Thomas Rogers
Thomas Tinker
John Ridgdale
Edward Fuller

Digery Priest
Thomas Williams
Gilbert Winslow
Edmund Margeson
Peter Brown
Richard Bitteridge
George Soule

The signers of the Mayflower Compact.

Samuel Fuller	John Turner	Richard Clark
Christopher Martin	Francis Eaton	Richard Gardiner
William Mullins	James Chilton	John Allerton
William White	John Craxton	Thomas English
Richard Warren	John Billington	Edward Doten
John Howland	Joses Fletcher	Edward Leister
Stephen Hopkins	John Goodman	

9. Representative government in America ¹

In 1619 the colony of Virginia was granted a representative assembly.

The English had settled at Jamestown, Virginia, in 1607, but for several years the colonists suffered great hardships under what resembled military government. In 1619, Sir George Yeardley arrived with the commission of governor-general from the Company which had planted the colony. Realizing the stimulating effect which self-government would have upon the colonists, the Company ordered Yeardley to see that "a general assembly should be held yearly once, whereat were to be present the Governor and Council, with two burgesses from each plantation freely to be elected by the inhabitants thereof; this assembly to have power to make and ordain whatsoever laws and orders should by them be thought good and profitable for our subsistence." The result was the establishment, in 1619, of the Virginia House of Burgesses, the first representative assembly in America. The following passages are extracts from the Ordinance for Virginia, 1621, which granted to the colony for the future the same form of government:

Greeting!

To all people, to whom these presents shall come, be seen, or heard, the Treasurer, Council, and Company of Adventurers and Planters for the city of London for the first Colony of Virginia, send greeting.

Object of the ordinance.

Know ye, that we . . . have thought fit to make our entrance, by ordering and establishing such supreme councils, as may not only be assisting to the Governor for the time being, in the administration of justice, and the executing of other duties to this office belonging, but also, by their vigilant care and prudence, may provide, as well for a remedy of all inconveniences, growing from time to time, as also for the advancing of increase, strength, stability, and prosperity of the said colony:

¹ From the *Ordinance for Virginia*, 1621.

We therefore, . . . by authority directed to us from his Majesty under the Great Seal, upon mature deliberation, do hereby order and declare, that, from hence forward, there shall be two supreme councils in Virginia, for the better government of the said colony aforesaid.

Two
supreme
councils
established.

The one of which councils, to be called the Council of State, (and whose office shall chiefly be assisting, with their care, advice, and circumspection, to the said Governor), shall be chosen, nominated, placed, and displaced, from time to time, by us, the said Treasurer, Council, and Company, and our successors. . . .

The Council
of State
and

Which said counsellors and council we earnestly pray and desire, and in his Majesty's name strictly charge and command, that . . . they bend their care and endeavours to assist the said Governor; first and principally, in the advancement of the honour and service of God, and the enlargement of his kingdom amongst the heathen people; and next, in erecting of the said colony in due obedience to his Majesty, and all lawful authority from his Majesty's directions; and lastly, in maintaining the said people in justice and Christian conversation amongst themselves, and in strength and ability to withstand their enemies. . . .

its duties.

The other council, more generally to be called by the Governor, once yearly, and no oftener, but for very extraordinary and important occasions, shall consist, for the present, of the said Council of State, and of two burgesses out of every town, hundred, or other particular plantation, to be respectively chosen by the inhabitants: which council shall be called the General Assembly, wherein (as also in the said Council of State) all matters shall be decided, determined and ordered, by the greater part of the voices then present; reserving to the Governor always a negative voice.

The second
council a
General As-
sembly.

And this General Assembly shall have free power to treat, consult, and conclude, as well of all emergent occasions concerning the public weal of the said colony and every part thereof, as also to make, ordain, and enact such general laws and orders, for the behoof of the said colony, and the good government thereof, as shall, from time to time, appear necessary or requisite; . . .

Its powers.

Provided, that no law or ordinance, made in the said General Assembly, shall be or continue in force or validity, unless the same

Limitations
upon the
power of
the
Assembly.

shall be solemnly ratified and confirmed, in a General Quarter Court of the said Company here in England, and so ratified, be returned to them under our seal; it being our intent to afford the like measure also unto the said colony, that after the government of the said colony shall once have been well framed, and settled accordingly, . . . and the same shall have been so by us declared, no orders of court afterwards shall bind the said colony, unless they be ratified in like manner in the General Assemblies. . . .

Three towns
are settled
in the Con-
necticut
valley.

10. A republic established in the Connecticut wilderness¹

In June, 1636, Reverend Thomas Hooker of Newtown, (now Cambridge, Massachusetts), and his entire congregation set out on foot for the Connecticut valley, driving their cattle before them, and carrying their household goods in wagons. They founded Hartford on the Connecticut river, while near by, on the same river, other congregations from Dorchester and Watertown settled Windsor and Wethersfield. In January, 1638-1639, the three towns united themselves into a republic under an instrument known as the Fundamental Orders of Connecticut. The following are extracts from this document, called by many authorities the first written constitution in America:

The neces-
sity of es-
tablished
government
is recog-
nized.

. . . Forasmuch as it hath pleased the Almighty God . . . so to order and dispose of things that we the inhabitants and residents of Windsor, Hartford and Wethersfield are now . . . dwelling in and upon the river of Connecticut and the lands thereunto adjoining; And well knowing that where a people are gathered together the word of God requires that to maintain the peace and union of such a people there should be an orderly and decent government, . . . [we] do therefore associate and conjoin ourselves to be as one public State or Commonwealth, and do, for ourselves and our successors and such as shall be adjoined to us at any time hereafter, enter into combination and confederation together, to maintain and preserve the liberty and purity of the gospel of our Lord Jesus . . . as also the discipline of the churches. . . .

As also in our civil affairs to be guided and governed according

¹ From the *Fundamental Orders of Connecticut*, 1638-1639.

to such laws, rules, orders and decrees as shall be made, ordered and decreed, as follows:

It is ordered . . . that there shall be yearly two general assemblies or courts, the one the second Thursday in April, the other the second Thursday in September, following. The first shall be called the Court of Election, wherein shall be yearly chosen . . . so many magistrates and other public officers as shall be found requisite. . . .

Civil govern-
ment pro-
vided for.

Which choice shall be made by all that are admitted freemen and have taken the oath of fidelity, and do cohabit within this jurisdiction, (having been admitted inhabitants by the major part of the town wherein they live) or the major part of such as shall be then present. . . .

The
suffrage.

It is ordered . . . that no person be chosen Governor above once in two years, and that the Governor be always a member of some approved congregation, and formerly of the magistracy within this jurisdiction; and all the magistrates freemen of this Commonwealth; and that no magistrate or other public officer shall execute any part of his or their office before they are severally sworn. . . .

Election of
the
Governor.

It is ordered . . . that Windsor, Hartford and Wethersfield shall have power, each town, to send . . . deputies to every General Court, and whatsoever other towns shall be hereafter added to this jurisdiction, they shall send as many deputies as the Court shall think best; . . . which deputies shall have the power of the whole town to give their votes and allowance to all such laws and orders as may be for the public good, and unto which the said towns are to be bound. . . .

Represent-
tation.

It is ordered . . . that every General Court (except such as through neglect of the Governor and the greatest part of magistrates the freemen themselves do call) shall consist of the Governor (or some one chosen to moderate the Court), and four other magistrates at least, with the major part of the deputies of the several towns legally chosen.

Membership
of the
General
Court.

And in case the freemen, or major part of them, through neglect or refusal of the Governor and major part of the magistrates, shall call a court, it shall consist of the major part of the freemen that are present, or their deputies. . . .

In which said General Courts shall consist the supreme power of

Powers of
the
General
Court.

the Commonwealth, and they only shall have power to make laws or repeal them, to grant levies, to admit freemen, . . . and also shall have power to call either Court or magistrate or any other person whatsoever into question for any misdemeanor. And [the General Court] may for just cause displace or deal otherwise, according to the nature of the offence. And also [it] may deal in any other matter that concerns the good of the Commonwealth, except election of magistrates, which shall be done by the whole body of freemen.

Internal
organi-
zation.

In which [General] Court the Governor or moderator shall have power to order the Court to give liberty of speech, and silence unseasonable and disorderly speakings, to put all things to vote, and in case the vote be equal, to have the casting voice. But none of these Courts shall be adjourned or dissolved without the consent of the major part of the Court. . . .

11. Virginia asserts the principles of just government¹

Strained
relations
with Eng-
land lead
more and
more often
to colonial
protests and
declarations
of rights.

In the century and a half following the establishment of the first English colonies on the Atlantic seaboard the principles of local self-government had found widespread acceptance among the Americans. As relations with the mother country became more and more strained, it was evident that many of the colonies considered these principles in danger. The determination of the Americans to maintain their rights against English aggression led, more and more often, to colonial protests against English colonial policies, and to declarations of rights. One of the most important of these declarations is the Virginia Bill of Rights, adopted by a convention that met in Williamsburg, May 6, 1776. The following are some of the more significant passages from this document:

Preamble to
the Virginia
Bill of
Rights.

Made by the Representatives of the good people of Virginia, assembled in full and free convention, which rights do pertain to them and their posterity as the basis and foundation of government.

Natural
rights.

That all men are by nature equally free and independent, and have certain inherent rights, of which, when they enter into a state of society, they cannot by any compact, deprive or divest their posterity;

¹ From the *Virginia Bill of Rights*, 1776.

namely, the enjoyment of life and liberty with the means of acquiring and possessing property, and pursuing and obtaining happiness and safety.

That all power is vested in, and consequently derived from, the people; that magistrates are their trustees and servants, and at all times amenable to them.

Basis of government.

That government is, or ought to be, instituted for the common benefit, protection and security of the people, nation, or community; of all the various modes and forms of government, that is best which is capable of producing the greatest degree of happiness and safety, and is most effectually secured against the danger of maladministration; and that, when a government shall be found inadequate or contrary to these purposes, a majority of the community hath an indubitable, unalienable and indefeasible right to reform, alter or abolish it, in such manner as shall be judged most conducive to the public weal. . . .

The object of government.

That the legislative, executive and judicial powers should be separate and distinct; and that the members thereof may be restrained from oppression, by feeling and participating the burdens of the people, they should, at fixed periods, be reduced to a private station, return into that body from which they were originally taken, and the vacancies be supplied by frequent, certain and regular elections, in which all, or any part of the former members to be again eligible or ineligible, as the laws shall direct.

The three-fold division of governmental powers

That all elections ought to be free, and that all men having sufficient evidence of permanent common interest with, and attachment to the community, have the right of suffrage, and cannot be taxed, or deprived of their property for public uses, without their own consent, or that of their representatives so elected; nor bound by any law to which they have not in like manner assented, for the public good. . . .

The suffrage, etc

That in all capital or criminal prosecutions, a man hath a right to demand the cause and nature of his accusation, to be confronted with the accusers and witnesses, to call for evidence in his favor, and to a speedy trial by an impartial jury of twelve men of his vicinage, without whose unanimous consent he cannot be found guilty; nor can he be compelled to give evidence against himself; that no man

Protection of the individual in his legal relations.

be deprived of his liberty, except by the law of the land or the judgment of his peers.

Bail and
punish-
ments.

That excessive bail ought not to be required, nor excessive fines imposed, nor cruel and unusual punishments inflicted. . . .

Jury trial.

That in controversies respecting property, and in suits between man and man, the ancient trial by jury of twelve men is preferable to any other, and ought to be held sacred.

Freedom of
the press.

That the freedom of the press is one of the great bulwarks of liberty, and can never be restrained but by despotic governments. . . .

That the people have a right to uniform government; and, therefore, that no government separate from or independent of the government of Virginia, ought to be erected or established within the limits thereof.

The condi-
tions of
free govern-
ment.

That no free government, or the blessing of liberty, can be preserved to any people, but by a firm adherence to justice, moderation, temperance, frugality and virtue, and by a frequent recurrence to fundamental principles.

Freedom of
worship.

That religion, or the duty which we owe to our Creator, and the manner of discharging it, can be directed only by reason and conviction, not by force or violence; and therefore all men are equally entitled to the free exercise of religion, according to the dictates of conscience; and that it is the duty of all to practise Christian forbearance, love and charity toward each other. . . .

12. The colonies declare their independence ¹

The circum-
stances
leading up
to the
Declaration
of Independ-
ence in
1776.

In 1774 the First Continental Congress met at Philadelphia to protest against the attitude of Great Britain toward the colonies. Instead of improving, however, the situation grew worse, and in April, 1775, the Americans clashed with British troops at Concord and Lexington. Actual warfare necessitating some joint action on the part of the colonies, a Second Continental Congress was convened in Philadelphia on May 10, 1775. On June 7, 1776, Richard Henry Lee of Virginia submitted to the Congress three resolutions, the first of which declared "That these United Colonies are, and of right ought to be, free and independent States, that they are ab-

¹ From the *Declaration of Independence*, 1776.

solved from all allegiance to the British Crown, and that all political connection between them and the State of Great Britain is, and ought to be, totally dissolved." The resolutions were seconded by John Adams, and a declaration to the effect of the said first resolution was drawn up. This was the celebrated Declaration of Independence, which on July 4, 1776, was agreed to, and signed by John Hancock as president of the Congress. The complete text of the declaration follows:

When in the course of human events, it becomes necessary for one people to dissolve the political bands which have connected them with another, and to assume among the powers of the earth, the separate and equal station to which the laws of Nature and of Nature's God entitle them, a decent respect to the opinions of mankind requires that they should declare the causes which impel them to the separation.

Preliminary statement.

We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable rights, that among these are life, liberty and the pursuit of happiness. That to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed,

The nature of government.

That whenever any form of government becomes destructive of these ends, it is the right of the people to alter or to abolish it, and to institute new government, laying its foundation on such principles and organizing its powers in such form, as to them shall seem most likely to effect their safety and happiness. Prudence, indeed, will dictate that governments long established should not be changed for light and transient causes; and accordingly all experience hath shown, that mankind are more disposed to suffer, while evils are sufferable, than to right themselves by abolishing the forms to which they are accustomed. But when a long train of abuses and usurpations, pursuing invariably the same object evinces a design to reduce them under absolute despotism, it is their right, it is their duty, to throw off such Government, and to provide new guards for their future security. — Such has been the patient sufferance of these colonies; and such is now the necessity which constrains them to alter their former systems of government. The history of

Under what circumstances a government ought to be altered or abolished.

the present King of Great Britain is a history of repeated injuries and usurpations, all having in direct object the establishment of an absolute tyranny over these states. To prove this, let facts be submitted to a candid world.

The colonies submit a list of injuries which they have sustained at the hands of the English monarch.

He has refused his assent to laws, the most wholesome and necessary for the public good.

He has forbidden his governors to pass laws of immediate and pressing importance, unless suspended in their operation till his assent should be obtained; and when so suspended, he has utterly neglected to attend to them.

He has refused to pass other laws for the accommodation of large districts of people, unless those people would relinquish the right of representation in the legislature, a right inestimable to them and formidable to tyrants only.

He has called together legislative bodies at places unusual, uncomfortable, and distant from the depository of their public records, for the sole purpose of fatiguing them into compliance with his measures.

He has dissolved representative houses repeatedly, for opposing with manly firmness his invasions on the rights of the people.

He has refused for a long time, after such dissolutions, to cause others to be elected; whereby the legislative powers, incapable of annihilation, have returned to the people at large for their exercise; the state remaining in the mean time exposed to all the dangers of invasion from without, and convulsions within.

He has endeavoured to prevent the population of these states; for that purpose obstructing the laws of naturalization of foreigners; refusing to pass others to encourage their migration hither, and raising the conditions of new appropriations of lands.

He has obstructed the administration of justice, by refusing his assent to laws for establishing judiciary powers.

He has made judges dependent on his will alone, for the tenure of their offices, and the amount and payment of their salaries.

He has erected a multitude of new offices, and sent hither swarms of officers to harass our people, and eat out their substance.

He has kept among us, in times of peace, standing armies without the consent of our legislature.

He has affected to render the military independent of and superior to the civil power.

He has combined with others to subject us to a jurisdiction foreign to our constitution, and unacknowledged by our laws; giving his assent to their acts of pretended legislation:

For quartering large bodies of armed troops among us:

For protecting them, by a mock trial, from punishment for any murders which they should commit on the inhabitants of these states:

For cutting off our trade with all parts of the world:

For imposing taxes on us without our consent:

For depriving us in many cases, of the benefits of trial by jury:

For transporting us beyond seas to be tried for pretended offences:

For abolishing the free system of English laws in a neighbouring province, establishing therein an arbitrary government, and enlarging its boundaries so as to render it at once an example and fit instrument for introducing the same absolute rule into these colonies:

For taking away our charters, abolishing our most valuable laws, and altering fundamentally the forms of our governments:

For suspending our own legislature, and declaring themselves invested with power to legislate for us in all cases whatsoever.

He has abdicated government here, by declaring us out of his protection and waging war against us.

He has plundered our seas, ravaged our coasts, burnt our towns, and destroyed the lives of our people.

He is at this time transporting large armies of foreign mercenaries to complete the works of death, desolation and tyranny, already begun with circumstances of cruelty and perfidy scarcely paralleled in the most barbarous ages, and totally unworthy the head of a civilized nation.

He has constrained our fellow citizens taken captive on the high seas to bear arms against their country, to become the executioners of their friends and brethren, or to fall themselves by their hands.

He has excited domestic insurrections amongst us, and has endeavoured to bring on the inhabitants of our frontiers, the merciless Indian savages, whose known rule of warfare, is an undistinguished destruction of all ages, sexes and conditions.

In every stage of these oppressions we have petitioned for redress in the most humble terms: Our repeated petitions have been answered only by repeated injury. A prince, whose character is thus marked by every act which may define a tyrant, is unfit to be the ruler of a free people.

The colonies have repeatedly appealed against the tyrannous attitude of the king, but in vain.

Nor have we been wanting in attention to our British brethren. We have warned them from time to time of attempts by their legislature to extend an unwarrantable jurisdiction over us. We have reminded them of the circumstances of our emigration and settlement here. We have appealed to their native justice and magnanimity, and we have conjured them by the ties of our common kindred to disavow these usurpations, which would inevitably interrupt our connections and correspondence. They too have been deaf to the voice of justice and of consanguinity. We must, therefore, acquiesce in the necessity, which denounces our separation, and hold them, as we hold the rest of mankind, enemies in war, in peace friends.

In view of the facts submitted in this document the colonies declare themselves free and independent states.

We, therefore, the Representatives of the United States of America, in General Congress, assembled, appealing to the Supreme Judge of the world for the rectitude of our intentions, do, in the name, and by authority of the good people of these colonies, solemnly publish and declare, That these United Colonies are, and of right ought to be free and independent states; that they are absolved from all allegiance to the British Crown, and that all political connection between them and the State of Great Britain, is and ought to be totally dissolved; and that as free and independent states, they have full power to levy war, conclude peace, contract alliances, establish commerce, and to do all other acts and things which independent states may of right do. And for the support of this declaration, with a firm reliance on the protection of Divine Providence, we mutually pledge to each other our lives, our fortunes and our sacred honor.

Questions on the foregoing Readings

1. What, according to Lord Bryce, are "the legitimate children of Magna Charta"?

2. To what extent may it be claimed that the principle of representation in the House of Commons goes back to the Magna Charta?
3. What does the Magna Charta say concerning justice?
4. What guarantee did the Magna Charta provide in order that the promises contained in this document should be carried into effect?
5. In what terms did the King and the barons agree to observe the Magna Charta?
6. What two political principles did the Pilgrims have in mind when they dropped anchor in Cape Cod harbor?
7. Why did the Pilgrims agree to establish a civil body politic in their new home?
8. Name some of the signers of the Mayflower Compact.
9. What were the circumstances surrounding the establishment of the Virginia House of Burgesses in 1619?
10. What was the object of the Ordinance for Virginia?
11. Name the two supreme councils which the ordinance established.
12. What persons were to constitute the membership of the second council?
13. What were the powers of this council?
14. What limitations were placed upon its powers?
15. Briefly describe the origin of the three Connecticut towns of Windsor, Hartford and Wethersfield.
16. Why did the inhabitants of these three towns come together to establish a joint government?
17. Define the suffrage under the Connecticut Fundamental Orders.
18. Who were to be members of the General Court?
19. What were the powers of the General Court?
20. What is the date of the Virginia Bill of Rights?
21. What did this bill of rights say concerning the "inherent rights" of men?
22. What, according to this bill of rights, is the basis of government?
23. What was declared to be the object of government?
24. What did this bill of rights say concerning the legal rights of the individual?
25. Outline the contents of the Declaration of Independence.
26. Why did the colonies feel that this declaration was necessary?

CHAPTER III

THE DEVELOPMENT OF AMERICAN DEMOCRACY

13. Four colonies combine for mutual defense ¹

Political
development
in early
America.

The New
England
Confedera-
tion, 1643.

Purpose of
the colo-
nies in
uniting.

Political development in the British colonies of North America proceeded along two lines at the same time. On the one hand, there was a development of democratic institutions in local government. As we have seen in the last chapter, this development culminated in the Declaration of Independence and the triumph of state sovereignty. On the other hand, there was, for more than a century preceding the Revolution, a growing tendency toward union among the colonies. The first definite attempt at union occurred in 1643, under the name of the New England Confederation. This consisted of a league between Massachusetts, Plymouth, Connecticut and New Haven. The chief purpose of the Confederation was mutual defense against the Indians in their midst, the French on the north, and the Dutch in New Netherland. The following are the most significant passages of the agreement between the four colonies:

Whereas we all came into these parts of America, with one and the same end and aim, namely, to advance the Kingdom of our Lord Jesus Christ, and to enjoy the liberties of the Gospel, in purity with peace; and whereas in our settling . . . we are further dispersed upon the seacoasts and rivers than was at first intended, so that we cannot with convenience communicate in one government and jurisdiction; and whereas we live encompassed with people of several nations, and strange languages, which hereafter may prove injurious to us, and our posterity: And forasmuch as the natives have formerly committed sundry insolencies and outrages upon several plantations of the English, and have of late combined against us. And seeing by reason of the sad distractions in England, which they have heard

¹ From the *New England Confederation*, 1643.

of, and by which they know we are hindered both from that humble way of seeking advice, and reaping those comfortable fruits of protection which, at other times, we might well expect: we, therefore, do conceive it our bounden duty, without delay, to enter into a present constitution amongst ourselves, for mutual help and strength in all our future concernments, that, as in nation, and religion, so, in other respects, we be, and continue, one, according to the tenor and true meaning of, the ensuing articles.

Wherefore it is fully agreed and concluded by and between the parties, or jurisdictions [of Massachusetts, Plymouth, Connecticut and New Haven] that they all be, and henceforth be called by the name of The United Colonies of New England.

Name of the Confederation.

The said United Colonies for themselves and their posterities, do jointly and severally hereby enter into a firm and perpetual league of friendship and amity, for offence and defence, mutual advice and succour, upon all just occasions, both for the preserving and propagating the truth, and liberties of the Gospel, and for their own mutual safety and welfare. . . .

"A firm and perpetual league."

It is also agreed, That for the managing and concluding of all affairs proper to, and concerning the whole Confederation, two commissioners shall be chosen by, and out of the four jurisdictions, namely, two for the Massachusetts, two for Plymouth, two for Connecticut, and two for New Haven, . . . which shall bring full power from their several General Courts respectively, to hear, examine, weigh, and determine all affairs of war, or peace, leagues, aids, charges, and numbers of men for war, division of spoils, or whatsoever is gotten by conquest, receiving of more confederates, or plantations into combination with any of these confederates, and all things of like nature . . . not intermeddling with the government of any of the jurisdictions, which . . . is preserved entirely to themselves. . . .

The government of the Confederation.

It is further agreed, That these eight commissioners shall meet once every year, besides extraordinary meetings, . . . to consider, treat, and conclude of all affairs belonging to this Confederation, which meeting shall ever be the first Thursday in September. . . .

Meetings of the eight commissioners.

And for that the justest wars may be of dangerous consequence, . . . it is agreed, that neither the Massachusetts, Plymouth, Connecticut, nor New Haven, nor any of the members of any of them,

The control of future wars.

shall at any time hereafter begin, undertake, or engage themselves, or this Confederation, or any part thereof, in any war whatsoever . . . without the consent and agreement of the forenamed eight commissioners, or at least six of them. . . .

Violation of
the agree-
ment.

It is further agreed, That if any of the confederates shall hereafter break any of these present articles, or be any other way injurious to any one of the other jurisdictions, such breach of agreement or injury, shall be duly considered, and ordered by the commissioners for the other jurisdictions, that both peace, and this present Confederation, may be entirely preserved without violation. . . .

14. The union of all of the colonies is proposed ¹

Increased
need of an
inter-
colonial
union.

The New England Confederation rendered effective service against the Indians for forty years, but ceased to exist about 1684. The Dutch were no longer a menace after 1664, in which year New Netherland became a British possession. However, the danger of attack from the French and Indians increased. In 1754 war between England and France was imminent, and the peace and safety of all of the British possessions in America were again threatened. To meet the emergency, Benjamin Franklin drew up a plan of union, under which all of the colonies were to be governed. The following are the chief provisions of this plan, called the Albany plan of union, because it was adopted by a convention of colonial delegates at Albany in 1754:

Franklin's
proposal.

It is proposed that humble application be made for an act of Parliament of Great Britain, by virtue of which one general government may be formed in America, including all the said colonies, within and under which government each colony may retain its present constitution, except in the particulars wherein a change may be directed by the said act, as hereafter follows:

President-
General and
Grand
Council.

That the said general government be administered by a President-General, to be appointed and supported by the Crown; and a Grand Council, to be chosen by the representatives of the people of the several colonies met in their respective assemblies.

That within [a certain number of] months, after the passing of

¹ From the *Albany Plan of Union*, 1754.

such act, the House of Representatives that happens to be sitting within that time, or that shall be especially for that purpose convened, may and shall choose members for the Grand Council, in the following proportion, that is to say, Massachusetts Bay 7, New Hampshire 2, Connecticut 5, Rhode Island 2, New York 4, New Jersey 3, Pennsylvania 6, Maryland 4, Virginia 7, North Carolina 4, and South Carolina 4, *i.e.* a total of 48.

Election and membership of the Grand Council.

[These representatives] shall meet for the first time at the city of Philadelphia in Pennsylvania, being called by the President-General as soon as conveniently may be after his appointment.

Meetings of the Grand Council.

That there shall be a new election of the members of the Grand Council every three years; and, on the death or resignation of any member, his place shall be supplied by a new choice at the next sitting of the Assembly of the colony he represented. . . .

That the Grand Council shall meet once in every year, and oftener if occasion require, at such time and place as they shall adjourn to at the last preceding meeting, or as they shall be called to meet at by the President-General on any emergency, he having first obtained in writing the consent of seven of the members to such call, and sent due and timely notice to the whole. . . .

That the assent of the President-General be requisite to all acts of the Grand Council, and that it be his office and duty to cause them to be carried into execution.

Assent of the President-General.

That the President-General, with the advice of the Grand Council, hold or direct all Indian treaties, in which the general interest of the colonies may be concerned; and make peace or declare war with Indian nations.

That they make such laws as they judge necessary for regulating all Indian trade.

Powers with respect to the Indians.

That they make all purchases, from Indians for the Crown, of lands not now within the bounds of particular colonies, or that shall not be within their bounds when some of them are reduced to more convenient dimensions.

That they make new settlements on such purchases, by granting lands in the King's name, reserving a quitrent to the Crown for the use of the general treasury.

Powers with respect to new settlements.

That they make laws for regulating and governing such new

settlements, till the Crown shall think fit to form them into particular governments.

That they raise and pay soldiers and build forts for the defence of the colonies. . . .

Taxes. That for these purposes they have power to make laws, and lay and levy such general duties, imposts or taxes, as to them shall appear most equal and just. . . .

Laws to be transmitted to England. That the laws made for the purposes aforesaid shall not be repugnant, but, as near as may be, agreeable to the laws of England, and shall be transmitted to the King in Council for approbation, as soon as may be after their passing; and if not disapproved within three years after presentation, to remain in force. . . .

15. The states enter a league of friendship ¹

Effect of the Revolution upon the movement toward union.

The Albany Plan of Union was not regarded with great favor by the people of the colonies, and was never given serious consideration by the English government. But though the project fell through, it is important as indicating the trend toward union. It was not many years after the Albany convention that the Americans became firmly convinced that separation from the mother country was inevitable. The outbreak of actual hostilities between England and the colonies obliged the latter to provide some means of marshalling their joint forces against the enemy. As the result of this need, the Second Continental Congress in 1777 adopted a constitution called the "Articles of Confederation and Perpetual Union between the States." These articles, of which the most significant follow, went into actual operation on March 1, 1781:

"The United States of America."

. . . The style of this confederacy shall be "The United States of America."

States' rights insisted upon.

Each state retains its sovereignty, freedom and independence, and every power, jurisdiction and right, which is not by this confederation expressly delegated to the United States, in Congress assembled.

The said states hereby severally enter into a firm league of friendship with each other, for their common defence, the security of

¹ From the *Articles of Confederation*, 1781.

their liberties, and their mutual and general welfare, binding themselves to assist each other, against all force offered to, or attacks made upon them, or any of them, on account of religion, sovereignty, trade, or any other pretence whatever.

Purpose of the Confederation.

The better to secure and perpetuate mutual friendship and intercourse among the people of the different states in this union, the free inhabitants of each of these states (paupers, vagabonds, and fugitives from justice excepted), shall be entitled to all privileges and immunities of free citizens in the several states; and the people of each state shall have free ingress and regress to and from any other state, and shall enjoy therein all the privileges of trade and commerce, subject to the same duties, impositions and restrictions as the inhabitants thereof respectively, provided that such restriction shall not extend so far as to prevent the removal of property imported into any state, to any other state of which the owner is an inhabitant; provided also that no imposition, duties or restriction shall be laid by any state, on the property of the United States, or either of them. . . .

This clause was not always respected by the various states.

Full faith and credit shall be given in each of these states to the records, acts and judicial proceedings of the courts and magistrates of every other state.

Full faith and credit.

For the more convenient management of the general interest of the United States, delegates shall be annually appointed in such manner as the legislature of each state shall direct, to meet in Congress on the first Monday in November, in every year, with a power reserved to each state, to recall its delegates, or any of them, at any time within the year, and to send others in their stead, for the remainder of the year.

There being no separate executive or judiciary, all national power was exercised by this Congress.

No state shall be represented in Congress by less than two, nor by more than seven members. . . .

In determining questions in the United States, in Congress assembled, each state shall have one vote. . . .

No state, without the consent of the United States in Congress assembled, shall send any embassy to, or receive any embassy from, or enter into any conference, agreement, alliance or treaty with any king, prince, or state. . . .

The treaty-making power.

No two or more states shall enter into any treaty, confederation

or alliance whatever between them, without the consent of the United States in Congress assembled, specifying accurately the purposes for which the same is to be entered into, and how long it shall continue.

No state shall lay any imposts or duties, which may interfere with any stipulations in treaties, entered into by the United States in Congress assembled, with any king, prince, or state, in pursuance of any treaties already proposed by Congress, to the courts of France and Spain.

Defense.

No vessels of war shall be kept up in time of peace by any state, except such number only, as shall be deemed necessary by the United States in Congress assembled, for the defense of such state, or its trade; nor shall any body of forces be kept up by any state, in time of peace, except such number only, as in the judgment of the United States, in Congress assembled, shall be deemed requisite, . . . but every state shall always keep up a well regulated and disciplined militia. . . .

No state shall engage in any war without the consent of the United States in Congress assembled, unless such state be actually invaded by enemies, or shall have received certain advice of a resolution being formed by some nation of Indians to invade such state, and the danger is so imminent as not to admit of a delay, till the United States in Congress assembled can be consulted. . . .

This clause did not give the national government adequate powers in the raising of money.

All charges of war, and all other expenses that shall be incurred for the common defence or welfare, and allowed by the United States in Congress assembled, shall be defrayed out of a common treasury, which shall be supplied by the several states, in proportion to the value of all land within each state. . . .

The taxes for paying that proportion shall be laid and levied by the authority and direction of the legislatures of the several states. . . .

Powers granted to the national government.

The United States in Congress assembled shall have the sole and exclusive right to determine on peace and war, except in the cases mentioned [above].

[The United States shall also have the power to enter] into treaties and alliances, provided that no treaty of commerce shall be made whereby the legislative power of the respective states shall be restrained from imposing such imposts and duties on foreigners, as

their own people are subjected to, or from prohibiting the exportation of any species of goods whatsoever. . . .

The United States in Congress assembled shall also be the last resort on appeal in all disputes and differences now subsisting or that hereafter may arise between two or more states concerning boundary, jurisdiction, or any other cause whatever. . . .

The United States in Congress assembled shall also have the sole and exclusive right and power of regulating the alloy and value of coin struck by their own authority, or by that of the respective states. . . .

[Further powers of the United States are] establishing and regulating post offices . . . throughout the United States, . . . appointing all officers of the land forces, in the service of the United States, excepting regimental officers; appointing all the officers of the naval forces, and commissioning all officers whatever in the service of the United States, [as well as] making rules for the government and regulation of the said land and naval forces, and directing their operations.

The United States in Congress assembled shall have authority . . . to ascertain the necessary sums of money to be raised for the service of the United States, and to appropriate and apply the same for defraying the public expenses; to borrow money, or emit bills on the credit of the United States . . . ; to build and equip a navy; to agree upon the number of land forces, and to make requisitions from each state for its quota. . . .

Every state shall abide by the determinations of the United States in Congress assembled, on all questions which by this confederation are submitted to them. And the articles of this confederation shall be inviolably observed by every state, and the union shall be perpetual.

The relation of the states to the national government.

Nor shall any alteration at any time hereafter be made in any of [the articles], unless such alteration be agreed to in a Congress of the United States, and be afterwards confirmed by the legislatures of every state. . . .

Amendment.

16. Washington outlines the needs of the country¹

Weakness
of the
Confed-
eration
government.

The Confederation government functioned feebly during the last two years of the Revolutionary War, and then declined rapidly in power and influence. Very soon after the cessation of actual hostilities it was clear to many far-sighted American statesmen that the Articles of Confederation could not carry the young nation through the period of adjustment following the war. No one saw this more clearly than Washington. On the 8th of June, 1783, he issued his famous "Circular letter addressed to the Governors of all the states on disbanding the army," in which he directed attention to the needs of the nation. Some extracts from this letter follow:

Importance
of the pe-
riod follow-
ing the
Revolution-
ary war.

. . . This is the time of . . . [the] political probation [of the United States]; this is the moment when the eyes of the whole world are turned upon them; this is the moment to establish or ruin their national character forever; this is the favorable moment to give such a tone to our Federal government, as will enable it to answer the ends of its institution, or this may be the ill-fated moment for relaxing the powers of the Union, annihilating the cement of the confederation, and exposing us to become the sport of European politics. . . .

For, according to the system of policy the states shall adopt at this moment, they will stand or fall; and by their confirmation or lapse it is yet to be decided, whether the revolution must ultimately be considered as a blessing or a curse. . . .

With this conviction of the importance of the present crisis, silence in me would be a crime. . . .

Four things
which are
essential to
the well-
being of
the nation.

There are four things, which, I humbly conceive, are essential to the well-being, I may even venture to say, to the existence of the United States, as an independent power.

First, An indissoluble union of the states under one Federal head.

Second, A sacred regard to public justice.

Third, The adoption of a proper peace establishment; and

Fourth, The prevalence of that pacific and friendly disposition among the people of the United States, which will induce them to

¹ From George Washington, *Circular letter addressed to the Governors of all the states on disbanding the army*, 1783.

forget their local prejudices and policies; to make those mutual concessions, which are requisite to the general prosperity; and, in some instances, to sacrifice their individual advantages to the interest of the community. . . .

On the three first articles I will make a few observations, leaving the last to the good sense and serious consideration of those immediately concerned.

Under the first head . . . it will be a part of my duty, and that of every true patriot, to assert without reserve, and to insist upon, the following positions. That, unless the states will suffer Congress to exercise those prerogatives they are undoubtedly invested with by the constitution, everything must very rapidly tend to anarchy and confusion. A prediction.

That it is indispensable to the happiness of the individual states, that there should be lodged somewhere a supreme power to regulate and govern the general concerns of the confederated republic, without which the Union cannot be of long duration. . . .

17. Hamilton summarizes the defects of the Confederation ¹

Washington's belief that the Articles of Confederation were seriously defective was shared by a number of other American statesmen. Of these none was more conscious of the need of a strong national government than Alexander Hamilton. This brilliant young lawyer, later the first Secretary of the Treasury, summarized the defects of the Confederation government in the following terms: Hamilton feels the need of a strong national government.

Firstly, and generally, [the Articles are defective] in confining the power of the Federal government within too narrow limits; withholding from it that efficacious authority and influence, in all matters of general concern, which are indispensable to the harmony and welfare of the whole. . . . Federal government unduly restricted.

Secondly: In confounding legislative and executive powers in a single body: as, that of determining on the number and quantity of force, land and naval, to be employed for the common defence, and of directing their operations when raised and equipped, with Legislative and executive powers confounded.

¹ From Alexander Hamilton, *Works*. (Adapted slightly, in order to simplify the style. — Editor.)

that of ascertaining and making requisitions for the necessary sums or quantities of money to be paid by the respective states into the common treasury. [This is] contrary to the most approved and well-founded maxims of free government, which require that the legislative, executive, and judicial authorities should be deposited in distinct and separate hands.

Lack of a
Federal
judiciary.

· Thirdly: [The lack] of a Federal judiciary, having cognizance of all matters of general concern in the last resort, especially those matters in which foreign nations and their subjects are interested. [Because of this lack] the local regulations of particular states militate directly or indirectly against the powers vested in the Union, [so that] the national treaties will be liable to be infringed, the national faith to be violated, and the public tranquillity to be disturbed.

Inadequate
powers with
respect to
taxation.

Fourthly: [The Articles vest the United States in Congress assembled with the power of general taxation, but render this essential power null and void] by withholding from the United States all control over both the imposition or the collection of taxes. . . . Whence it happens that the inclinations, not the abilities, of the respective states are, in fact, the criterion of their contributions to the common expense; and the public burden has fallen, and will continue to fall, with very unequal weight.

Fifthly: [The Articles are defective] in fixing a rule for determining the proportion of each state toward the common expense, which if practicable at all, must, in the execution, be attended with great expense, inequality, uncertainty and difficulty.

National
credit not
assured.

Sixthly: [The Articles are defective] in authorizing Congress "to borrow money, or emit bills on the credit of the United States," without the power of establishing funds to secure the repayment of the money borrowed, or the redemption of the bills emitted. From which must result one of these evils: either a want of sufficient credit, in the first instance, to borrow, or to circulate the bills emitted, . . . or, in the second instance, [the inability of the government to keep its engagements.] . . .

Powers of
defense
inadequate.

Seventhly: [The Articles are defective] in not making proper or competent provisions for interior defense, since the control of the land forces is so largely left to the individual states that there

results great confusion in the military department. . . . Also in not making proper or competent provisions for external defense, since the Articles authorize Congress to "build and equip a navy" without providing any means of manning it [except by] voluntary enlistment, a resource which has been found ineffectual in every country, and, for reasons of peculiar force, in this.

Eighthly: [The Articles are defective] in not vesting in the United States a general superintendence of trade, equally necessary in view of revenue and regulation. [Revenue duties] cannot, without great disadvantages, be imposed by particular states while others refrain from doing it, but must be imposed in concert, . . . otherwise those states which should not impose them would engross the commerce of such of their neighbors as did. The regulation of trade by the United States government, rather than by the states individually, is necessary in order to prevent individual states from interfering with commercial treaties which the United States has made with foreign nations. . . .

Congress ought to have the power to regulate trade.

Ninthly: [The Articles are defective] in defeating essential powers by provisions and limitations which are inconsistent with their nature. . . . For example, Congress is given the power "of regulating the trade and managing all affairs with the Indians, not members of any of the states, *provided* that the legislative right of any state, within its own limits, be not infringed or violated." . . .

Inconsistency in the grant of essential powers.

Tenthly: [The Articles are defective] in granting the United States the sole power "of regulating the alloy and value of coin struck by their own authority or by that of the respective states," without the power of regulating the foreign coin in circulation, though the one [power] is essential to the due exercise of the other. . . .

Regulation of the currency.

Eleventhly: [The Articles are defective] in requiring the assent of nine states to matters of principal importance, and of seven to all others, except adjournments from day to day. [This rule is] destructive of vigor, consistency, or expedition in the administration of affairs. It tends to subject the sense of the majority to that of the minority by allowing a small combination to retard, and even to frustrate, the most necessary measures. . . .

Power of the minority too great.

Twelfthly: [The Articles are defective] in investing the Federal government with the sole direction of the interests of the United

Inadequate
control of
foreign
affairs.

States in their intercourse with foreign nations, without empowering it to pass all general laws in aid and support of the laws of nations. . . . [Because of the lack of this authority], the faith of the United States may be broken, their reputation sullied, and their peace interrupted by the negligence or misconception of any particular state. . . .

18. Franklin calls for the ratification of the Constitution

The Constitutional
Convention
of 1787.

At length the agitation in favor of a stronger union bore fruit, and in 1787 delegates from every state except Rhode Island gathered in Philadelphia "to devise such further provisions as shall appear to them necessary to render the Constitution of the Federal government adequate to the exigencies of the Union." The convention sat in secret session from May to September, with Washington in the chair as moderator. After extended debates and numerous compromises our present Constitution was formulated and drawn up. When the engrossed Constitution had been read, the delegates to the convention listened to this speech by Benjamin Franklin:

Franklin's
speech to
the
delegates.

Mr. President: I confess that there are several parts of this Constitution which I do not at present approve, but I am not sure that I shall never approve them. For, having lived long, I have experienced many instances of being obliged by better information, or fuller consideration, to change opinions, even on important subjects, which I once thought right but found to be otherwise.

It is therefore that, the older I grow, the more apt I am to doubt my own judgment, and to pay more respect to the judgment of others. Most men, indeed, as well as most sects in religion, think themselves in possession of all truth, and that wherever others differ from them, it is so far error. . . .

He agrees
to the
Constitution.

In these sentiments, sir, I agree to this Constitution, with all its faults, if they are such; because I think a general government necessary for us, and there is no form of government, but what may be a blessing to the people if well administered; and believe further that this is likely to be well administered for a course of years, and

¹ From Jonathan Elliot, *Debates on the adoption of the Federal Constitution, etc.* Philadelphia, 1881. Vol. v, pp. 554-555.

can only end in despotism, as other forms have done before it, when the people shall become so corrupted as to need despotic government, being incapable of any other.

I doubt, too, whether any other convention we can obtain may be able to make a better constitution. For when you assemble a number of men to have the advantage of their joint wisdom, you inevitably assemble with those men all their prejudices, their passions, their errors of opinion, their local interests and their selfish views. From such an assembly can a perfect production be expected? It therefore astonishes me, sir, to find this system approaching so near to perfection as it does; and I think it will astonish our enemies, who are waiting with confidence to hear that our councils are confounded, . . . and that our states are on the point of separation, only to meet hereafter for the purpose of cutting one another's throats.

Can a perfect constitution be expected?

Thus I consent, sir, to this Constitution, because I expect no better, and because I am not sure that it is not the best. The opinions I have had of its errors I sacrifice to the public good. . . . If every one of us, in returning to our constituents, were to report the objections he has had to it, and endeavor to gain partisans in support of them, we might prevent its being generally received. . . . I hope, therefore, that for our own sakes as a part of the people, and for the sake of posterity, we shall act heartily and unanimously in recommending this Constitution . . . wherever our influence may extend, and turn our future thoughts and endeavors to the means of having it well administered.

He pleads for the support of the Constitution,

On the whole, sir, I cannot help expressing a wish that every member of the convention who may still have objections to it, would with me, on this occasion, doubt a little of his own infallibility, and, to make manifest our unanimity, put his name to this instrument.

and asks that the delegates sign it.

Questions on the foregoing Readings

1. What is meant by the statement that political development in early America proceeded along two lines at the same time?
2. In what year did the first definite confederation of the colonies occur?
3. What was the purpose of this confederation?

4. How was this confederation to be governed?
5. Who drew up the plan of union considered by the Albany Congress of 1754?
6. What was the nature of the Grand Council proposed by this plan?
7. What provision was made for the meetings of this Council?
8. Outline the powers of the President-General and the Grand Council with respect to Indian relations.
9. What provision did the Albany plan make for the levying of taxes?
10. What did the Albany plan say about the transmission of laws to England?
11. Why did the states enter a "firm league of friendship" in 1781?
12. What did the Articles of Confederation say concerning state sovereignty?
13. What was the nature of the Congress created by the Articles?
14. What were some of the powers expressly granted the national government?
15. What provision was made for the amendment of the Articles?
16. What was Washington's opinion of the position of the United States immediately following the Revolution?
17. What four things did he hold essential to the well-being of the nation?
18. What was Hamilton's first objection to the Articles of Confederation?
19. What did he say concerning the failure of the Articles to provide for a Federal judiciary?
20. In what way were the powers of the Confederation Congress defective with respect to taxation?
21. What did Hamilton say concerning the undue power of the minority under the Articles of Confederation?
22. What was the defect of the Articles with respect to foreign affairs?
23. For what purpose was the Constitutional Convention of 1787 convened?
24. Why did Franklin accept the new Constitution?
25. Why did he ask that all of the members of the Constitutional Convention recommend the Constitution wherever their influence extended?

CHAPTER IV

ESSENTIALS OF AMERICAN CONSTITUTIONAL GOVERNMENT

19. Individual rights under the Federal Constitution ¹

Having been ratified by the requisite number of states, the Federal Constitution was set to work on April 30, 1789, with George Washington as first President of the United States. The Constitution as submitted to the people in 1787 contained several specific guarantees of personal liberty, but many people objected that these did not adequately protect the rights of the individual against governmental oppression. In some states members of the legislature voted for the new Constitution with the understanding that additional guarantees of personal liberty would at once be appended to the Constitution. This was done in 1791, when a number of amendments were adopted in a body. At the present time the following are the chief guarantees of personal rights which are contained in the Federal Constitution and the amendments thereto:

Art. IV. Sect. II. The citizens of each state shall be entitled to all privileges and immunities of citizens in the several states. . . .

The objection that the Constitution did not adequately protect individual rights.

Art. I. Sect. IX. . . . The privilege of the writ of *habeas corpus* shall not be suspended, unless when in cases of rebellion or invasion the public safety may require it.

Privileges and immunities.

Habeas corpus, etc.

No bill of attainder or *ex post facto* law shall be passed. . . .

Amendment I. Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the government for a redress of grievances.

Freedom of religion, speech, and the press.

Amendment II. A well regulated militia, being necessary to the security of a free state, the right of the people to keep and bear arms, shall not be infringed.

Right to keep and bear arms.

¹ From the *Constitution of the United States*.

The quar-
tering of
soldiers.

Amendment III. No soldier shall, in time of peace be quartered in any house, without the consent of the owner, nor in time of war, but in a manner to be prescribed by law.

The regula-
tion of
search and
seizure.

Amendment IV. The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated, and no warrants shall issue, but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched, and the persons or things to be seized.

The pro-
tection of
life, liberty,
and prop-
erty.

Amendment V. No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a grand jury, except in cases arising in the land or naval forces, or in the militia, when in actual service in time of war or public danger; nor shall any person be subject for the same offense to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use without just compensation.

Protection
in criminal
prose-
cutions.

Amendment VI. In all criminal prosecutions the accused shall enjoy the right to a speedy and public trial, by an impartial jury of the state and district wherein the crime shall have been committed, which district shall have been previously ascertained by law, and to be informed of the nature and cause of the accusation; to be confronted with the witnesses against him; to have compulsory process for obtaining witnesses in his favor, and to have the assistance of counsel for his defense.

Suits at
common
law.

Amendment VII. In suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury shall be otherwise reexamined in any court of the United States, than according to the rules of the common law.

Bail and
punish-
ments.
Rights re-
tained by
the people.

Amendment VIII. Excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishments inflicted.

Amendment IX. The enumeration in the Constitution, of certain rights, shall not be construed to deny or disparage others retained by the people.

20. States' rights under the Federal Constitution ¹

Some of the bitterest and most protracted debates in the Constitutional Convention of 1787 hinged upon the status of the states in the proposed union. Realizing that a chief weakness of the old Confederation government had been the inadequacy of the powers granted to the Congress, many delegates insisted that the powers of the national government be markedly increased. Fearing that a marked increase in the powers of the national government would endanger the position of the individual states, other delegates insisted that the constitution under debate allow the states to retain most essential powers. The result was a compromise: a strong national government was created, but states' rights were safeguarded. The following are the chief constitutional provisions which safeguard states' rights, either by imposing limitations upon the Federal government, or by the Federal guarantee of certain rights to the states, or by the Federal regulation of interstate relations:

Art. I. Sect. IX. . . . No capitation or other direct tax shall be laid, unless in proportion to the census or enumeration hereinbefore directed to be taken.²

States' rights the source of extended debate in the Constitutional Convention of 1787.

Powers denied to the Federal government.

No tax or duty shall be laid on articles exported from any state.

No preference shall be given by any regulation of commerce or revenue to the ports of one state over those of another; nor shall vessels bound to or from one state be obliged to enter, clear, or pay duties in another.

No money shall be drawn from the treasury but in consequence of appropriations made by law; and a regular statement and account of the receipts and expenditures of all public money shall be published from time to time. . . .

Art. IV. Sect. I. Full faith and credit shall be given in each state to the public acts, records, and judicial proceedings of every other state. And the Congress may by general laws prescribe the manner in which such acts, records, and proceedings shall be proved, and the effect thereof.

Interstate relations.

¹ From the *Constitution of the United States*.

² The Sixteenth Amendment exempts the Federal income tax from the operation of this provision.

Art. IV. Sect. 'I. The citizens of each state shall be entitled to all privileges and immunities of citizens in the several states.

A person charged in any state with treason, felony, or other crime, who shall flee from justice, and be found in another state, shall on demand of the executive authority of the state from which he fled, be delivered up to be removed to the state having jurisdiction of the crime.

No person held to service or labor in one state, under the laws thereof, escaping into another, shall, in consequence of any law or regulation therein, be discharged from such service or labor, but shall be delivered up on claim of the party to whom such service or labor may be due.

Art. IV. Sect. IV. The United States shall guarantee to every state in this Union a republican form of government, and shall protect each of them against invasion, and on application of the legislature, or of the executive (when the legislature cannot be convened), against domestic violence.

Amendment X. The powers not delegated to the United States by the Constitution, nor prohibited by it to the states, are reserved to the states respectively, or to the people.

21. The powers of the Federal government ¹

But though the Federal Constitution contains numerous provisions designed to safeguard the rights of the states, that document also provides for a strong national government. Two types of constitutional provisions operate to give the Federal government adequate powers: first, those provisions which limit the action of the states in behalf of the national government; and second, those provisions which grant express powers to the Federal authorities. The following are the constitutional clauses which constitute these bases of Federal authority:

Art. I. Sect. X. No state shall enter into any treaty, alliance, or confederation; grant letters of marque and reprisal; coin money; emit bills of credit; make anything but gold and silver coin a tender in payment of debts; pass any bill of attainder, *ex post facto* law,

¹ From the *Constitution of the United States*.

Federal
• guarantees
to the
states.

Residual
powers of
the states.

The Consti-
tution like-
wise in-
sures a
strong
Federal
government.

Powers
denied to
the states.

or law impairing the obligation of contracts, or grant any title of nobility.

No state shall, without the consent of Congress, lay any imposts or duties on imports or exports, except what may be absolutely necessary for executing its inspection laws: and the net produce of all duties and imposts laid by any state on imports or exports, shall be for the use of the treasury of the United States; and all such laws shall be subject to the revision and control of the Congress.

No state shall, without the consent of Congress, lay any duty of tonnage, keep troops, or ships of war in time of peace, enter into any agreement or compact with another state, or with a foreign power, or engage in war, unless actually invaded, or in such imminent danger as will not admit of delay.

Art. I. Sect. VIII. The Congress shall have power to lay and collect taxes, duties, imposts and excises, to pay the debts and provide for the common defense and general welfare of the United States; but all duties, imposts and excises shall be uniform throughout the United States;

Powers
granted to
Congress.

To borrow money on the credit of the United States;

To regulate commerce with foreign nations, and among the several states, and with the Indian tribes;

To establish an uniform rule of naturalization, and uniform laws on the subject of bankruptcies throughout the United States;

To coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures;

To provide for the punishment of counterfeiting the securities and current coin of the United States;

To establish post offices and post roads;

To promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries;

To constitute tribunals inferior to the Supreme Court;

To define and punish piracies and felonies committed on the high seas, and offenses against the law of nations;

To declare war, grant letters of marque and reprisal, and make rules concerning captures on land and water;

To raise and support armies, but no appropriation of money to that use shall be for a longer term than two years;

To provide and maintain a navy;

To make rules for the government and regulation of the land and naval forces;

To provide for calling forth the militia to execute the laws of the Union, suppress insurrections and repel invasions;

To provide for organizing, arming, and disciplining the militia, and for governing such part of them as may be employed in the service of the United States, reserving to the states respectively the appointment of the officers, and the authority of training the militia according to the discipline prescribed by Congress;

To exercise exclusive legislation in all cases whatsoever, over such district (not exceeding ten miles square) as may, by cession of particular states, and the acceptance of Congress, become the seat of the government of the United States, and to exercise like authority over all places purchased by the consent of the legislature of the state in which the same shall be, for the erection of forts, magazines, arsenals, dockyards, and other needful buildings; and

To make all laws which shall be necessary and proper for carrying into execution the foregoing powers, and all other powers vested by this Constitution in the government of the United States, or in any department or officer thereof.

Powers
of the
President.

Art. II. Sect. II. The President shall be commander in chief of the army and navy of the United States, and of the militia of the several states, when called into the actual service of the United States; he may require the opinion, in writing, of the principal officer in each of the executive departments, upon any subject relating to the duties of their respective offices, and he shall have power to grant reprieves and pardons for offenses against the United States, except in cases of impeachment.

He shall have power, by and with the advice and consent of the Senate, to make treaties, provided two thirds of the senators present concur; and he shall nominate, and by and with the advice and consent of the Senate, shall appoint ambassadors, other public ministers and consuls, judges of the Supreme Court, and all other officers of the United States, whose appointments are not herein

otherwise provided for, and which shall be established by law: but the Congress may by law vest the appointment of such inferior officers, as they think proper, in the President alone, in the courts of law, or in the heads of departments.

The President shall have power to fill up all vacancies that may happen during the recess of the Senate, by granting commissions which shall expire at the end of their next session.

Art. IV. Sect. III. New states may be admitted by the Congress into this Union; but no new state shall be formed or erected within the jurisdiction of any other state; nor any state be formed by the junction of two or more states, or parts of states, without the consent of the legislatures of the states concerned as well as of the Congress.

Power over
new states
and terri-
tories.

The Congress shall have power to dispose of and make all needful rules and regulations respecting the territory or other property belonging to the United States; and nothing in this Constitution shall be so construed as to prejudice any claims of the United States, or of any particular state.

Amendment XVI. The Congress shall have power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several states, and without regard to any census or enumeration.

Power with
reference
to an
income tax.

22. The extent of Federal powers ¹

Students of American government have generally divided into two groups over the question of Federal powers. One group has contended that since the Federal government is one of enumerated powers, the Federal government may exercise no power not expressly granted by the Constitution. This view has been called the "strict construction" of the Constitution. The second group has contended that the Federal government possesses not only the powers expressly granted in the Constitution, but also those which are included within, or necessarily implied from, powers expressly granted. The Supreme Court has inclined toward this liberal interpretation of the Constitu-

Strict
versus
liberal con-
struction of
the Consti-
tution.

¹ From the United States Supreme Court decision in the case of *M'Culloch vs. the State of Maryland*, 1819.

tion. In 1819, for example, the Court upheld the liberal construction of the Constitution in the celebrated case of *M'Culloch vs. the State of Maryland*. The following are some extracts from the decision in this case:

Vital importance of the issue.

. . . In the case now to be determined, the defendant, a sovereign state, denies the obligation of a law enacted by the legislature of the Union; and the plaintiff, on his part, contests the validity of an act which has been passed by the legislature of that state. The Constitution of our country, in its most interesting and vital parts, is to be considered; the conflicting powers of the government of the Union and its members, as marked in that Constitution, are to be discussed; and an opinion given, which may essentially influence the great operations of the government. . . .

The Federal government should be allowed to select the means necessary to carry into effect powers granted to it by the Constitution.

We admit, as all must admit, that the powers of the government are limited, and that its limits are not to be transcended. But we think the sound construction of the Constitution must allow to the national legislature that discretion, with respect to the means by which the powers it confers are to be carried into execution, which will enable that body to perform the high duties assigned to it, in the manner most beneficial to the people. Let the end be legitimate, let it be within the scope of the Constitution, and all means which are appropriate, which are plainly adapted to that end, which are not prohibited, but consist with the letter and spirit of the Constitution, are constitutional. . . .

Maryland contends for a dangerous principle.

If we apply the principle for which the state of Maryland contends, to the Constitution generally, we shall find it capable of changing totally the character of that instrument. We shall find it capable of arresting all the measures of the government, and of prostrating it at the foot of the states. The American people have declared their Constitution, and the laws made in pursuance thereof, to be supreme; but this principle would transfer the supremacy, in fact, to the states.

Limits of the power of the states to tax.

If the states may tax one instrument, employed by the government in the execution of its powers, they may tax any and every instrument. They may tax the mail; they may tax the mint; they may tax patent rights; they may tax the papers of the custom-house; they may tax judicial process; they may tax all the means

employed by the government, to an excess which would defeat all the ends of government. This was not intended by the American people. They did not design to make their government dependent on the states. . . .

The court has bestowed on this subject its most deliberate consideration. The result is a conviction that the states have no power, by taxation or otherwise, to retard, impede, burden, or in any manner control, the operations of the constitutional laws enacted by Congress to carry into execution the powers vested in the general government. This is, we think, the unavoidable consequence of that supremacy which the Constitution has declared.

The unanimous decision of the court.

We are unanimously of opinion, that the law passed by the legislature of Maryland, imposing a tax on the Bank of the United States, is unconstitutional and void. . . .

23. The check and balance system ¹

But despite the supremacy of Federal law, it is not possible for the National government to become despotic. As we have seen, certain rights of both individuals and states are specifically safeguarded by the Constitution itself. In addition, the powers of the Federal government are so divided among the legislative, executive, and judicial departments that each of these constitutes a check upon the other two. The nature of this check and balance system was early described by James Madison, writing in the *Federalist*. When the Federal Constitution came before the people of New York for ratification or rejection, some of the citizens of that state objected that the new Constitution did not adequately provide for the separation of the legislative, executive, and judicial departments in the Federal government, so that, as the Constitution stood, some one department might acquire an undue amount of power. Madison answered this objection in the *Federalist* in January, 1788, and attempted to show that this objection was not valid. Early in February, 1788, he continues his discussion of the check and balance system in the following language:

The check and balance system in the Federal government.

Madison defends the Constitution.

¹ From the *Federalist*, Numbers 48 (47) and 51 (50).

The problem of guarding each department against invasion by the others.

. . . It is agreed, on all sides, that the powers properly belonging to one of the departments [of the Federal government] ought not to be directly and completely administered by either of the other departments. It is equally evident that none of them ought to possess, directly or indirectly, an over-ruling influence over the others, in the administration of their respective powers. It will not be denied that power is of an encroaching nature, and that it ought to be effectually restrained from passing the limits assigned to it. After discriminating, therefore, in theory, the several classes of power, as they may in their nature be legislative, executive or judicial, the next and most difficult task is to provide some practical security for each against the invasion of the others. . . .

The solution.

To what expedient, then, shall we finally resort, for maintaining in practice the necessary partition of power among the several departments, as laid down in the Constitution? The only answer that can be given is that . . . the defect must be supplied, by so contriving the interior structure of the government, as that its several constituent parts may . . . be the means of keeping each other in their proper places. Without presuming to undertake a full development of this important idea, I will hazard a few general observations, which may perhaps place it in a clearer light, and enable us to form a more correct judgment of the principles and structure of the government planned by the [Constitutional] Convention.

Separation of appointing powers.

In order to lay a due foundation for that separate and distinct exercise of the different powers of government, which to a certain extent is admitted on all hands to be essential to the preservation of liberty, it is evident that each department should have a will of its own, and consequently should be so constituted that the members of each should have as little agency as possible in the appointment of the members of the others. . . .

Financial independence.

It is equally evident that the members of each department should be as little dependent as possible on those of the others for the emoluments annexed to their offices. Were the executive magistrate, or the judges, not independent of the legislature in this particular, their independence in every other would be merely nominal.

But the great security against a gradual concentration of the several powers in the same department consists in giving to those

who administer each department the necessary constitutional means and personal motives to resist encroachments of the others. . . .

It may be a reflection on human nature that such devices should be necessary to control the abuses of government. But what is government itself, but the greatest of all reflections on human nature? If men were angels, no government would be necessary. If angels were to govern men, neither external nor internal controls on government would be necessary. In framing a government which is to be administered by men over men, the great difficulty lies in this: you must first enable the government to control the governed; and in the next place oblige it to control itself. . . .

Why checks and balances are necessary.

This policy of supplying, by opposite and rival interests, the defect of better motives, might be traced through the whole system of human affairs, private as well as public. We see it particularly displayed in all the subordinate distributions of power, where the constant aim is to divide and arrange the several offices in such a manner as that each may be a check on the other — that the private interest of every individual may be a sentinel over the public rights. These inventions of prudence cannot be less requisite in the distribution of the supreme powers of the State. . . .

Universal nature of the principle.

In a single republic, all the power surrendered by the people is submitted to the administration of a single government; and the usurpations are guarded against by a division of the government into distinct and separate departments. In the compound republic of America, the power surrendered by the people is first divided between two distinct governments [the state and Federal governments], and then the portion allotted to each is subdivided among distinct and separate departments. Hence a double security arises to the rights of the people. The different governments will control each other, at the same time that each will be controlled by itself. . . .

The rights of the people doubly secure.

24. Significance of the judiciary in American government ¹

Section I of Article III of the Constitution vests the judicial power of the United States in one Supreme Court and in such inferior

¹ From the United States Supreme Court decision in the case of *Marbury vs. Madison*, 1803.

Power of
the Su-
preme
Court to
pass upon
the consti-
tutionality
of Federal
statutes.

courts as Congress may from time to time ordain and establish, while Section II of Article III defines the jurisdiction of the Federal courts. Nowhere does the Federal Constitution expressly confer upon the Supreme Court of the United States the power of declaring statutes invalid on the ground that they are contrary to the Constitution, nevertheless our Supreme Court exercises this power. Indeed, one of the distinctive features of American government is the right of this tribunal to act as the final and authoritative interpreter of the Constitution. This right was first asserted by Chief Justice Marshall in 1803 in the case of *Marbury vs. Madison*. The following is an extract from the decision in this case:

Right of
the people
to establish
their
government.

. . . That the people have an original right to establish, for their future government, such principles as, in their opinion, shall most conduce to their own happiness, is the basis on which the whole American fabric has been erected. . . . The principles, therefore, so established are deemed fundamental. And as the authority from which they proceed is supreme, and can seldom act, they are designed to be permanent. This original and supreme will organizes the government, and assigns to different departments their respective powers. It may either stop here, or establish certain limits not to be transcended by those departments.

The government of the United States is of the latter description. The powers of the legislature are defined and limited; and that those limits may not be mistaken, or forgotten, the Constitution is written. . . .

The distinction between a government with limited and unlimited powers is abolished, if those limits do not confine the persons on whom they are imposed, and if acts prohibited and acts allowed are of equal obligation. It is a proposition too plain to be contested, that the Constitution controls any legislative Act repugnant to it; or that the legislature may alter the Constitution by an ordinary Act.

The Consti-
tution is
either
paramount
or it is not.

Between these alternatives there is no middle ground. The Constitution is either a superior paramount law, unchangeable by ordinary means, or it is on a level with ordinary legislative Acts, and, like other Acts, is alterable when the legislature shall please to alter it. If the former part of the alternative be true, then a legislative Act contrary to the Constitution is not law; if the latter part be

true, then written constitutions are absurd attempts, on the part of the people, to limit a power in its own nature illimitable.

Certainly all those who have framed written constitutions contemplate them as forming the fundamental and paramount law of the nation, and, consequently, the theory of every such government must be, that an Act of the legislature, repugnant to the Constitution, is void. . . .

A written constitution is fundamental.

It is emphatically the province and duty of the judicial department to say what the law is. Those who apply the rule to particular cases, must of necessity expound and interpret that rule. If two laws conflict with each other, the courts must decide on the operation of each. So if a law be in opposition to the Constitution; if both the law and the Constitution apply to a particular case, so that the court must decide that case conformably to the law, disregarding the Constitution, or conformably to the Constitution, disregarding the law, the court must determine which of these conflicting rules governs the case. This is of the very essence of judicial duty. If, then, the courts are to regard the Constitution, and the Constitution is superior to any ordinary Act of the legislature, the Constitution, and not such ordinary Act, must govern the case to which they both apply. . . .

The duty of the court when a law is in opposition to the Constitution.

It is apparent, [from illustrations contained in the full decision of the case], that the framers of the Constitution contemplated that instrument as a rule for the government of the courts, as well as of the legislature. Why otherwise does it direct the judges to take an oath to support it? . . . How immoral to impose it on them, if they were to be used as the instruments, and the knowing instruments, for violating what they swear to support! The oath of office, too, imposed by the legislature, is completely demonstrative of the legislative opinion on this subject.

Since judges take an oath to support the Constitution their conduct must be governed by that document.

It is in these words: "I do solemnly swear that I will administer justice without respect to persons, and do equal right to the poor and to the rich; and that I will faithfully and impartially discharge all the duties incumbent on me as . . . according to the best of my abilities and understanding, agreeably to the Constitution and laws of the United States." Why does a judge swear to discharge his duties agreeably to the Constitution of the United States, if that

The oath.

Constitution forms no rules for his government — if it is closed upon him, and cannot be inspected by him? If such be the real state of things, this is worse than solemn mockery. To prescribe, or to take this oath, becomes equally a crime. . . .

Questions on the foregoing Readings

1. What was an important obstacle to the ratification of the Constitution?
2. How was this objection met?
3. What are the guarantees of personal liberty contained in Section ix of Article I of the Constitution?
4. Outline the guarantees of personal liberty contained in the first nine amendments to the Constitution.
5. What controversy took place in the Constitutional Convention of 1787 over states' rights?
6. How was the dispute settled?
7. Outline the powers denied to the United States by the Federal Constitution.
8. What does the Federal Constitution say concerning interstate relations?
9. What guarantee to the states is contained in Section iv of Article iv of the Constitution?
10. What two types of provisions in the Constitution were designed to strengthen the position of the National government?
11. What powers are denied to the states by the Constitution?
12. Enumerate the chief powers of Congress as laid down in the Constitution.
13. What are the constitutional powers of the President of the United States?
14. What power does the Federal government exercise with respect to new states and territories?
15. Distinguish between the strict and the liberal interpretations of the Federal Constitution.
16. What is the importance of the decision in the case of *M'Culloch vs. the State of Maryland*?
17. What was the issue in this case?
18. What was the decision of the court in this case?
19. What part did James Madison play in the contest over the ratification of the Constitution?
20. What, according to Madison, was the difficulty of protecting the three Federal departments against one another?

21. What was his proposed solution of this problem?
22. Why are checks and balances necessary in government?
23. How, according to Madison, does American constitutional government render the rights of the people doubly secure?
24. What is the significance of the decision of the Supreme Court in the case of *Marbury vs. Madison*?
25. Outline the decision of the court in this case.

CHAPTER V

THE PROBLEMS OF AMERICAN DEMOCRACY

25. Washington's charge to the nation ¹

New problems arise to confront the young American nation.

When, on April 30, 1789, the Federal Constitution was put into operation with George Washington as first President, the United States of America took on a new lease of life. But though the trials of the "critical period" gradually declined and finally disappeared, other problems confronted the young nation. These were the problems of a newly created state, projected suddenly into the family of nations, and obliged, because of this new position, to grapple with numerous foreign as well as purely domestic issues. No one comprehended more clearly than George Washington the content and significance of these problems, and no one more earnestly urged their solution. At the conclusion of his second term of office, Washington addressed a solemn farewell to the American people, notifying them of his decision not to accept a third term, and protesting his devotion to the nation. The following are extracts from the remainder of his Farewell Address:

Washington believes it his duty to make certain recommendations to the American people.

. . . Here, perhaps, I ought to stop. But a solicitude for your welfare, which cannot end but with my life, and the apprehension of danger, natural to that solicitude, urge me, on an occasion like the present, to offer to your solemn contemplation, and to recommend to your frequent review, some sentiments, which are the result of much reflection. . . . These will be offered to you with the more freedom, as you can only see in them the disinterested warnings of a parting friend, who can possibly have no personal motive to bias his counsel. . . .

The unity of government, which constitutes you one people, is also now dear to you. It is justly so, for it is a main pillar in the

¹ From George Washington, *Farewell Address*.

edifice of your real independence; the support of your tranquillity at home; your peace abroad; of your safety; of your prosperity in every shape of that liberty which you so highly prize. . . .

Toward the preservation of your government, and the permanency of your present happy state, it is requisite, not only that you steadily discountenance irregular oppositions to its acknowledged authority, but also that you resist with care the spirit of innovation upon its principles, however specious the prettexts. . . .

He warns
against
innovations

Let me now . . . warn you in the most solemn manner against the baneful effects of the spirit of party, generally. . . . The alternate domination of one faction over another, sharpened by the spirit of revenge natural to party dissension . . . is itself a frightful despotism. But this leads at length to a more formal and permanent despotism. The disorders and miseries, which result, gradually incline the minds of men to seek security and repose in the absolute power of an individual; and sooner or later the chief of some prevailing faction . . . turns this disposition to the purposes of his own elevation, on the ruins of public liberty. . . .

and party
spirit.

The necessity of reciprocal checks in the exercise of political power . . . has been evinced by experiments ancient and modern. . . . To preserve them must be as necessary as to institute them. . . .

The check
and balance
system.

Promote . . . as an object of primary importance, institutions for the general diffusion of knowledge. In proportion as the structure of a government gives force to public opinion, it is essential that public opinion should be enlightened.

Public
opinion.

As a very important source of strength and security, cherish public credit. . . .

Observe good faith and justice toward all nations. Cultivate peace and harmony with all. . . . [But] against the insidious wiles of foreign influence . . . the jealousy of a free people ought to be constantly awake, since history and experience prove that foreign influence is one of the baneful foes of republican government. . . . Europe has a set of primary interests, which to us have none, or a very remote relation. Hence she must be engaged in frequent controversies, the causes of which are essentially foreign to our concerns. Hence, therefore, it must be unwise in us to implicate our-

He warns
against
foreign
influences

selves, by artificial ties, in the ordinary vicissitudes of her politics, or the ordinary combinations and collisions of her friendships or enmities. . . .

26. Jackson on the aims of government¹

The two
great
problems
facing
Jackson
in 1833:

The issues of American political life changed markedly in character and content in the four decades which followed the Farewell Address of Washington. Nevertheless, when on March 4, 1833, Andrew Jackson began his second term as President of the United States, he believed that the two greatest problems facing him were those with which Washington had been familiar: First, the preservation of the rights of the several states, and second, the preservation of the integrity of the Union. In his second inaugural address, Jackson referred to these problems in the following language:

The preser-
vation of
states'
rights and
the integ-
rity of the
Union.

. . . In the domestic policy of this Government there are two objects which especially deserve the attention of the people and their representatives, and which have been and will continue to be the subjects of my increasing solicitude. They are the preservation of the rights of the several states and the integrity of the Union.

Duty of
obeying
the laws.

These great objects are necessarily connected, and can only be attained by an enlightened exercise of the powers of each within its appropriate sphere in conformity with the public will constitutionally expressed. To this end it becomes the duty of all to yield a ready and patriotic submission to the laws constitutionally enacted, and thereby promote and strengthen a proper confidence in those institutions of the several states and of the United States which the people themselves have ordained for their own government.

My experience in public concerns and the observation of a life somewhat advanced confirm the opinions long since imbibed by me, that the destruction of our state governments or the annihilation of their control over the local concerns of the people would lead directly to revolution and anarchy, and finally to despotism and military domination. . . .

The double
duty which
rests upon
the President.

Solemnly impressed with these considerations, my countrymen will ever find me ready to exercise my constitutional powers in arresting measures which may directly or indirectly encroach upon

¹ From Andrew Jackson, *Second Inaugural Address*, March 4, 1833.

the rights of the states or tend to consolidate all political power in the General Government.

But of equal, and, indeed, of incalculable, importance is the union of these states, and the sacred duty of all to contribute to its preservation by a liberal support of the general government in the exercise of its just powers. . . . Without union our independence and liberty would never have been achieved; without union they never can be maintained. . . . The loss of liberty, of all good government, of peace, plenty, and happiness, must inevitably follow a dissolution of the Union. . . .

The time at which I stand before you is full of interest. The eyes of all nations are fixed on our Republic. The event of the existing crisis will be decisive in the opinion of the practicability of our federal system of government. Great is the stake placed in our hands; great is the responsibility which must rest upon the people of the United States. Let us realize the importance of the attitude in which we stand before the world. Let us exercise forbearance and firmness. Let us extricate our country from the dangers which surround it and learn wisdom from the lessons they inculcate. . . .

He pleads for the co-operation of the people.

27. Lincoln on the spirit of lawlessness ¹

While Andrew Jackson was still serving his second term as President of the United States, a young man in Springfield, Illinois, was aiding in the organization of a "Young Men's Lyceum for Mutual Improvement." This was Abraham Lincoln. In 1837, when only twenty-eight years of age, Lincoln addressed this lyceum on the subject of the perpetuation of our political institutions. The following are extracts from this speech:

Lincoln before the Springfield Lyceum.

In the great journal of things happening under the sun, we, the American people, find our account running under date of the nineteenth century of the Christian era. We find ourselves in the peaceful possession of the fairest portion of the earth as regards extent of territory, fertility of soil, and salubrity of climate. We find ourselves under the government of a system of political institutions conducing more essentially to the ends of civil and religious liberty than any of which the history of former times tells us.

Favored position of the American people.

¹ From the Sangamon (Illinois) *Journal*, February 3, 1838.

The duty of the present generation contrasted with the duty of the early American patriots.

We, when mounting the stage of existence, found ourselves the legal inheritors of these fundamental blessings. We toiled not in the acquisition or establishment of them; they are a legacy bequeathed to us by a once hardy, brave and patriotic, but now lamented and departed, race of ancestors. Theirs was the task (and nobly they performed it) to possess themselves of this goodly land, and to uprear upon its hills and in its valleys a political edifice of liberty and equal rights; 'tis ours only to transmit these — the former unprofaned by the foot of an invader, the latter undecayed by the lapse of time and untorn by usurpation — to the latest generation that fate shall permit the world to know. This task of gratitude to our fathers, justice to ourselves, duty to posterity, and love for our species in general, imperatively require us faithfully to perform.

How, then, shall we perform it? At what point shall we expect the approach of danger? . . .

Danger of lawlessness.

I answer, If it ever reach us it must spring up amongst us; it cannot come from abroad. If destruction be our lot we must ourselves be its author. As a nation of freemen we must live through all time, or die by suicide. I hope I am over wary; but if I am not, there is even now something of ill omen amongst us. I mean the increasing disregard for law which pervades the country. . . .

Here, then, is one point at which danger may be expected.

The remedy for lawlessness.

The question recurs, "How shall we fortify against it?" The answer is simple. Let every American, every lover of liberty, every well wisher to his posterity swear by the blood of the Revolution never to violate in the least particular the laws of the country, and never to tolerate their violation by others. . . . Let reverence for the laws be breathed by every American mother to the lisping babe that prattles on her lap; let it be taught in schools, in seminaries, and in colleges; . . . let it be preached from the pulpit, proclaimed in legislative halls, and enforced in the courts of justice. And, in short, let it become the political religion of the nation; and let the old and the young, the rich and the poor, the grave and the gay of all sexes and tongues and colors and conditions, sacrifice unceasingly upon its altars. . . .

While ever a state of feeling such as this shall universally or even very generally prevail throughout the nation, vain will be every effort, and fruitless every attempt to subvert our national freedom.

When I so pressingly urge a strict observance of all the laws, let me not be understood as saying there are no bad laws, or that grievances may not arise, for the redress of which no legal provisions have been made. I mean to say no such thing. But I do mean to say that although bad laws, if they exist, should be repealed as soon as possible, still, while they continue in force, for the sake of example they should be religiously observed. . . .

Even bad laws should be obeyed until they are repealed.

28. Roosevelt on the problems of American life ¹

In the century following the Farewell Address of George Washington the problems of American democracy underwent an almost unbelievable change. The fears which both Washington and Jackson had expressed as to the integrity of the Union proved to have been justified when in 1861 the Civil War threatened to disrupt the nation. But the young man who in 1837 had pleaded with his countrymen for obedience to law exercised the powers of the Federal Executive during that trying period, and brought the disrupted parts back into an indissoluble Union. Since the Civil War, the problem of the relation of the states to the Federal government has occupied a relatively unimportant position in the minds of the American people.

Problem of preserving the Union less urgent since the Civil War.

As anxiety for the integrity of the Union has decreased, an increasing amount of attention has been demanded by other issues. With the settlement of the Great West and the industrialization of the entire country, the problems of American life have become more and more urgent. New problems have arisen, old problems have become more complex. The question of industrial relations in a country devoting an increasing amount of attention to trade and commerce, the social effects of rapid urban growth, the necessity of adjusting the governmental machinery to cope with the new demands being made upon it, these and similar developments have emphasized the importance of the problems of American democracy.

The development of new issues.

No one was more keenly aware of the urgency of these problems, and no one more fearless in attacking them, than Theodore Roosevelt. Below is the full text of his second inaugural address, in which he visualizes the outlook for American democracy in 1905:

The second inaugural address of Theodore Roosevelt, 1905.

¹ From Theodore Roosevelt, *Second Inaugural Address*, March 4, 1905.

Fortune has
smiled upon
America.

My Fellow-Citizens: No people on earth have more cause to be thankful than ours, and this is said reverently, in no spirit of boastfulness in our own strength, but with gratitude to the Giver of Good who has blessed us with the conditions which have enabled us to achieve so large a measure of well-being and of happiness. To us as a people it has been granted to lay the foundations of our national life in a new continent. We are the heirs of the ages, and yet we have had to pay few of the penalties which in old countries are exacted by the dead hand of a bygone civilization. We have not been obliged to fight for our existence against any alien race; and yet our life has called for the vigor and effort without which the manlier and hardier virtues wither away. Under such conditions it would be our own fault if we failed; and the success which we have had in the past, the success which we confidently believe the future will bring, should cause in us no feeling of vainglory, but rather a deep and abiding realization of all which life has offered us; a full acknowledgment of the responsibility which is ours; and a fixed determination to show that under a free government a mighty people can thrive best, alike as regards the things of the body and the things of the soul.

Yet our
position is
a respon-
sible one.

Much has been given us, and much will rightfully be expected from us. We have duties to others and duties to ourselves; and we can shirk neither. We have become a great nation, forced by the fact of its greatness into relations with the other nations of the earth, and we must behave as beseems a people with such responsibilities. Toward all other nations, large and small, our attitude must be one of cordial and sincere friendship. We must show not only in our words, but in our deeds, that we are earnestly desirous of securing their good will by acting toward them in a spirit of just and generous recognition of all their rights. But justice and generosity in a nation, as in an individual, count most when shown not by the weak but by the strong. While ever careful to refrain from wronging others, we must be no less insistent that we are not wronged ourselves. We wish peace, but we wish the peace of justice, the peace of righteousness. We wish it because we think it is right and not because we are afraid. No weak nation that acts manfully and justly should ever have cause to fear us, and no strong power should ever be able to single us out as a subject for insolent aggression.

Our
attitude
toward
other
nations.

Our relations with the other powers of the world are important; but still more important are our relations among ourselves. Such growth in wealth, in population, and in power as this nation has seen during the century and a quarter of its national life is inevitably accompanied by a like growth in the problems which are ever before every nation that rises to greatness. Power invariably means both responsibility and danger. Our forefathers faced certain perils which we have outgrown. We now face other perils, the very existence of which it was impossible that they should foresee. Modern life is both complex and intense, and the tremendous changes wrought by the extraordinary industrial development of the last half century are felt in every fiber of our social and political being.

The character and effects of modern life.

Never before have men tried so vast and formidable an experiment as that of administering the affairs of a continent under the forms of a democratic republic. The conditions which have told for our marvelous material well-being, which have developed to a very high degree our energy, self-reliance, and individual initiative, have also brought the care and anxiety inseparable from the accumulation of great wealth in industrial centers. Upon the success of our experiment much depends, not only as regards our own welfare, but as regards the welfare of mankind. If we fail, the cause of free self-government throughout the world will rock to its foundations, and therefore our responsibility is heavy, to ourselves, to the world as it is to-day, and to the generations yet unborn. There is no good reason why we should fear the future, but there is every reason why we should face it seriously, neither hiding from ourselves the gravity of the problems before us nor fearing to approach these problems with the unbending, unflinching purpose to solve them aright.

Democracy is still an experiment.

Yet, after all, though the problems are new, though the tasks set before us differ from the tasks set before our fathers who founded and preserved this Republic, the spirit in which these tasks must be undertaken and these problems faced, if our duty is to be well done, remains essentially unchanged. We know that self-government is difficult. We know that no people needs such traits of character as that people which seeks to govern its affairs aright through the freely expressed will of the freemen who compose it.

The spirit in which our problems must be faced.

But we have faith that we shall not prove false to the memories

The demands of the times.

of the men of the mighty past. They did their work, they left us the splendid heritage we now enjoy. We in our turn have an assured confidence that we shall be able to leave this heritage unwasted and enlarged to our children and our children's children. To do so we must show, not merely in great crises, but in the everyday affairs of life, the qualities of practical intelligence, of courage, of hardihood, and endurance, and above all the power of devotion to a lofty ideal, which made great the men who founded this Republic in the days of Washington, which made great the men who preserved this Republic in the days of Abraham Lincoln.

29. Wilson on the dangers of the World War period ¹

Change in our relation to world affairs.

Not only did the purely domestic problems of American democracy become more numerous and more complex after the opening of the twentieth century, but the attitude of the United States toward world issues became more important. Despite the advice of Washington and Jefferson that we maintain an aloof position in world affairs, the march of progress has made this impossible. The advancing population of the civilized world, the increasing facility of transportation and communication between various sections of the globe, the tendency for modern nations to become more and more interdependent in matters of trade and commerce, these and other developments have forced the United States to realize that European events affect the American people.

Attempt of the United States to keep out of the World War.

The outbreak of the World War in the summer of 1914 aroused the interest and sympathies of the American people, but increased, too, their desire to keep out of a struggle which originally had nothing to do with American issues. But the fact that we were no longer an isolated nation made this impossible. Though we attempted to remain aloof, the war reached out and touched us so vitally and with such repeated insistence that by the opening of the year 1917 our entry into the struggle seemed likely, if not inevitable. The following are extracts from the second inaugural address of President Wilson, who early in 1917 realized that the nation faced new issues of a serious and threatening nature:

¹ From Woodrow Wilson, *Second Inaugural Address*, March 5, 1917.

My Fellow-Citizens: The four years which have elapsed since last I stood in this place have been crowded with counsel and action of the most vital interest and consequence. Perhaps no equal period in our history has been so fruitful of important reforms in our economic and industrial life, or so full of significant changes in the spirit and purpose of our political action. We have sought very thoughtfully to set our house in order, correct the grosser errors and abuses of our industrial life, liberate and quicken the processes of our national genius and energy, and lift our politics to a broader view of the people's essential interests. It is a record of singular variety and singular distinction. But I shall not attempt to review it. . . . This is not the time for retrospect. It is time, rather, to speak our thoughts and purposes concerning the present and the immediate future.

The record of the American people.

Although we have centered counsel and action with such unusual concentration and success upon the great problems of domestic legislation, . . . other matters have more and more forced themselves upon our attention, matters lying outside our own life as a nation, and over which we had no control. . . . The war inevitably set its mark from the first alike upon our minds, our industries, our commerce, our politics, and our social action. To be indifferent to it or independent of it was out of the question. . . .

Effect of the World War upon America.

There are many things still to do at home, to clarify our own politics and give new vitality to the industrial processes of our own life, and we shall do them as time and opportunity serve; but we realize that the greatest things that remain to be done must be done with the whole world for stage and in coöperation with the wide and universal forces of mankind, and we are making our spirits ready for those things. They will follow in the immediate wake of the war itself and will set civilization up again. We are provincials no longer. The tragical events of the thirty months of vital turmoil through which we have just passed have made us citizens of the world. . . .

Pressing nature of the foreign situation.

And yet we are not the less Americans on that account. We shall be the more American if we but remain true to the principles in which we have been bred. . . .

Principles of American life.

I need not argue these principles to you, my fellow-countrymen:

they are your own, part and parcel of your own thinking and your own motive in affairs. . . .

The call
for a unity
of purpose
and action.

And it is imperative that we should stand together. We are being forged into a new unity amidst fires that now blaze throughout the world. In their ardent heat we shall, in God's providence, let us hope, be purged of faction and division, purified of the errant humors of party and of private interest, and shall stand forth in the days to come with a new dignity of national pride and spirit. Let each man see to it that the dedication is in his own heart, the high purpose of the nation in his own mind, ruler of his own will and desire. . . .

30. Harding on the issues of the Twentieth Century ¹

Effect of
the World
War upon
the prob-
lems of
American
democracy.

From the standpoint of the United States, the World War was an abnormal phenomenon which exaggerated and distorted those issues which are purely American. But though the cessation of hostilities on November 11, 1918, purged American life of many issues which had been purely abnormal and transitory, the World War exerted upon our national life many influences which are proving to be both profound and permanent. Just as the American Revolution deeply affected our early national life, and just as the effects of the Civil War can still be traced in current issues, so the World War modified our attitude, not only toward world affairs, but toward purely domestic concerns as well. In January, 1920, this changed viewpoint was the subject of an address by Warren G. Harding, then United States Senator from Ohio. The following are extracts from his address:

Status of
the Con-
stitution.

. . . I have come to think it fundamentally and patriotically American to say there is no room anywhere in these United States for any one who preaches destruction of the government which is within the Constitution. This patriotically, if not divinely, inspired fundamental law fits every real American citizen, and the man who cannot fit himself to it is not fit for American citizenship, nor deserving of our hospitality. It fully covers all classes and masses in its guaran-

¹ From Warren G. Harding, *Address delivered before the Ohio Society of New York*, New York City, January 10, 1920.

teed liberties, and any class or mass that opposed the Constitution is against the country and the flag. . . .

What humanity most needs just now is understanding. The present-day situation is more acute because we are in the ferment that came of war and war's aftermath. Ours was a fevered world, sometimes flighty, as we used to say in the village, to suggest fever's fancies or delirium. But we are slow getting normal again, and the world needs sanity as it seldom needed it before. . . .

What
humanity
needs.

Normal thinking will help more. And normal living will have the effect of a magician's wand, paradoxical as the statement seems. The world does deeply need to get normal, and liberal doses of mental science freely mixed with resolution will help mightily. I do not mean the old order will be restored. It will never come again. . . .

Back to
normal.

But there is a sane normalcy due under the new conditions, to be reached in deliberation and understanding. And all men must understand and join in reaching it. Certain fundamentals are unchangeable and everlasting. Life without toil never was and never can be. Ease and competence are not to be seized in frenzied envy; they are the reward of thrift and industry and denial. There can be no excellence without great labor. There is no reward except as it is merited. Lowered cost of living and increased cost of production are an economic fraud. Capital makes possible while labor produces, and neither ever achieved without the other, and both of them together never wrought a success without genius and management. . . . It would halt the great procession to time our steps with the indolent, the lazy, the incapable, or the sullenly envious. Nor can we risk the course sometimes suggested by excessive wealth and its oftentimes insolent assumption of power. But we can practice thrift and industry, we can live simply and commend righteous achievement, we can make honest success an inspiration to succeed, and we can march hopefully on to the chorus of liberty, opportunity, and justice. . . .

Certain
principles
which are
fundamental
and un-
changeable.

Thrift,
plain living,
and indus-
try.

There can be no liberty without security, and there can be no security without the supremacy of law and the majesty of just government. In the gleaming Americanism of the Constitution there is neither fear nor favor, but there are equal rights to all, equal opportunities beckoning to every man, and justice untrammelled. . . .

The
Constitution
responsive
to public
opinion.

Governmental policies change and laws are altered to meet the changed conditions which attend all human progress. [But] there are orderly processes for these necessary changes. Let no one proclaim the Constitution unresponsive to the conscience of the republic. . . .

America's
course.

Our American course is straight ahead, with liberty under the law, and freedom glorified in righteous restraint. Reason illumines our onward path, and deliberate, intelligent public opinion reveals every pitfall and byway which must be avoided. America spurns every committal to the limits of mediocrity and bids every man to climb to the heights and rewards him as he merits it. This is the essence of liberty and made us what we are. Our system may be imperfect, but under it we have wrought to world astonishment, and we are only fairly begun. . . .

Duty to
cherish
American
nationality.

Mr. Toastmaster, we have been hearing lately of the selfishness of nationality, and it has been urged that we must abandon it in order to perform our full duty to humanity and civilization. Let us hesitate before we surrender the nationality which is the very soul of highest Americanism. This republic has never failed humanity or endangered civilization. We have been tardy about it, like when we were proclaiming democracy and neutrality while we ignored our national rights, but the ultimate and helpful part we played in the great war will be the pride of Americans so long as the world recites the story.

This not
inconsistent
with our
duty toward
foreign
nations.

We do not mean to hold aloof, we choose no isolation, we shun no duty. I like to rejoice in an American conscience and in a big conception of our obligations to liberty, justice and civilization. Aye, and more, I like to think of Columbia's helping hand to new republics which are seeking the blessings portrayed in our example. But I have a confidence in our America that requires no council of foreign powers to point the way of American duty. . . .

America
first!

Call it the selfishness of nationality, I think it an inspiration to patriotic devotion to safeguard America first, to stabilize America first, to prosper America first, to think of America first, to exalt America first, and to live for and revere America first. We may do more than prove exemplars to the world of enduring, representative democracy where the Constitution and its liberties are unshaken.

We may go on securely to the destined fulfillment and make a strong and generous nation's contribution to human progress, forceful in example, generous in contribution, helpful in all suffering, and fearless in all conflicts. . . .

Questions on the foregoing Readings

1. What was the object of Washington's Farewell Address?
2. What did Washington say concerning innovations?
3. What was Washington's opinion of the political party?
4. Why did Washington warn the American people against foreign influence?
5. What two great problems faced President Jackson in 1833?
6. What double duty did Jackson consider as resting upon him?
7. Upon what subject did Abraham Lincoln address the Springfield Lyceum in 1837?
8. In what way was the position of the American people a favored one in Lincoln's time?
9. Contrast the duty of the American people in Lincoln's time with the duty of the earlier American patriots.
10. What did Lincoln say concerning the danger of lawlessness?
11. How did he recommend that this danger be guarded against?
12. What did Lincoln say as to the attitude of the citizen toward bad laws?
13. What American problem declined in importance after the period of the Civil War?
14. Name a few problems which took on increased importance after the Civil War.
15. What did Roosevelt say concerning our attitude toward other nations?
16. What, according to Roosevelt, have been some of the effects of modern life upon our problems?
17. What did Roosevelt say concerning democracy as an experiment?
18. What, according to Roosevelt, are the qualities needed by the American citizen in the affairs of everyday life?
19. In what way did the march of progress make it impossible for us to hold aloof from European affairs?
20. Why were we unable to remain indifferent to the World War?
21. Outline President Wilson's call for a unity of purpose and action in 1917.
22. Discuss the effect of the World War upon the problems of American democracy.

23. What, according to President Harding, is the status of the Constitution of the United States?
24. In what way did President Harding believe that the war-stricken world could get back to normal?
25. Outline the essentials of President Harding's "America First" program.

PART II — AMERICAN ECONOMIC PROBLEMS

a. ECONOMICS OF AMERICAN INDUSTRY

CHAPTER VI

THE NATURE OF AMERICAN INDUSTRY

31. Natural resources of the nation ¹

Industrial development and material prosperity depend primarily upon two factors: first, natural resources; and second, the character of the people. From the earliest times, the territory now included within the bounds of the United States has been celebrated for its great extent, the favorable character of its climate, and the abundance and diversity of its natural resources. America has offered everything which a virile, energetic people could consider necessary to the development of an industrial civilization. Some of the more important of the natural resources of the United States are described by Professor Bogart as follows:

Factors
conditioning
industrial
success.

. . . By the treaty of Paris, 1783, the new nation came into possession of an immense domain of 827,844 square miles. Since that time the area of the United States has been vastly increased, by purchase, by conquest, and by cession, until, in 1900, the United States consisted of 3,726,500 square miles or about one fourteenth of the entire land surface of the earth. . . .

Area of the
United
States.

The advantages to a nation of having a seacoast well provided with numerous bays and harbors are obvious. Not less important for the internal commerce of a country is a system of long and navigable rivers. In both these respects the United States is wonderfully well provided. The Mississippi River with its tributaries drains over 1,000,000 square miles of territory in the very heart of the most fertile region of the country. Cities more than 1000 miles inland have direct water communication with the seaboard, and coal is

Coast
line and
waterways.

¹ From Ernest L. Bogart, *The Economic History of the United States*. Longmans, Green & Co., 1912; pp. 2-15.

transported more than 1000 miles from Pittsburg to the upper reaches of the Missouri River. Altogether, it is estimated that there are 18,000 miles of navigable rivers in the United States, while the shore line of the Great Lakes extends for at least 1500 miles more. . . .

Extent and
quality of
our coal
deposits.

Fortunately for the human race, coal is widely distributed throughout the world, although Europe and the United States to-day supply practically all the coal now mined. Professor Tarr estimates the actual coal-*producing* area in the United States at not over 50,000 square miles, of which only a small part is being worked. . . . By far the greatest part of our available supply is bituminous, the area which is underlaid with anthracite being not more than 484 square miles. Not merely in the extent of the area underlaid with coal are we favorably situated, but our superiority over Europe and the rest of the world is made more evident by a comparison of the thickness of the seams, the depth, the dip, and the cost of working. In all these respects we have an advantage.

Iron
resources.

Next in importance to the fuel supplies of the United States rank its stores of iron ore. These exist in large quantity and are widely disseminated. . . . Iron and coal, more than any other mineral substances, form the material basis of our industrial prosperity, and in the possession of large supplies of both, the United States is greatly blessed.

Other
metals.

Next after iron, copper ranks as the most necessary in the industrial arts. . . . The United States is the greatest copper-producing country in the world, turning out over half of the total amount. . . . Lead and zinc are usually found associated. . . . In the production of both of these, the United States is surpassed by Europe. . . . Of far greater value, though of subordinate importance in the industrial arts, are the so-called precious metals — gold and silver. In the production of both of these, the United States ranks second, the first places being held respectively by the Transvaal and by Mexico. . . .

Forests.

The forests of the United States cover an area of about 700 million acres, or more than 35 per cent of the area of the country. Of these by far the greater part is found in the section east of the Mississippi which originally was a vast continuous forest. . . . In the Mississippi valley are found the hardwood forests of oaks, hickories, ashes,

gums, etc. West of the Mississippi stretches a forestless, often treeless, area of millions of acres; with the Rocky Mountains begins again the coniferous interior forest, and still further west the Pacific coast forest. . . .

Among the valuable resources of a country should be included a good climate and a fertile soil: together, these are of great importance in promoting the welfare, prosperity, and material comfort of the people. Considered as a whole, the fertility of the soil of the United States is remarkably great. . . . It is noteworthy that North America is broadest in the temperate zone and tapers down to a narrow point in the tropical zone, in which respect it is the opposite of South America or Africa. . . .

Climate
and soil.

In its direct effect upon the race which has grown up in the new world, the environment seems to have made for a stronger and harder people than any of those of the old world. . . . "When one considers all these things," says Channing, "the climate and rainfall of the United States, its physical configuration, its adaptability to the service of civilized man, its fertile soils and magnificent water powers, its inexhaustible mineral resources, and the effect of this environment on the physical body, one must admit that the European race has gained by its transfer from its ancient home to the soil of the United States."

Effect
of the
American
environment
upon the
European
race.

32. Growth of population in the United States ¹

The rapid colonization of the New World discovered by Columbus is one of the most striking facts in modern history. Once the people of Europe became aware of the rich natural resources of the North American continent, there was a steadily increasing migration of home-seekers to the new land. Every important country in North-western Europe contributed to the colonial population of the Atlantic seaboard, and, later, to the multitudes which spread westward into the Mississippi valley and onward to the Pacific Coast. The growth and spread of the population of the United States have been described by the Bureau of the Census in the following language:

Rapid
colonization
of the
New World.

The first census of the United States, taken as of the first Monday

¹ From the United States Bureau of the Census, *Statistical Atlas of the United States*. Washington, 1914; pp. 13-23.

The population of the United States in 1790.

in August, 1790 . . . showed the population of the thirteen States then existing, and of the unorganized territory, to be, in the aggregate, 3,929,214. This population was distributed . . . almost entirely along the Atlantic seaboard. . . . Only a very small proportion of the inhabitants of the United States, not indeed more than 5 per cent, was found west of the Appalachian Mountains. . . .

At the second census, that of 1800, the frontier line . . . had advanced. . . .

Extension of the frontier line between 1800 and 1860.

During the decade from 1800 to 1810 great changes will be noted, especially the extension of sparse settlements in the interior. The hills of western New York had become almost entirely populated. The occupation of the Ohio River valley had now become complete, from its head to its mouth, with the exception of small groups below the mouth of the Tennessee. . . .

In 1830 the frontier line had a length of 5300 miles, and the aggregate area embraced between the Atlantic Ocean, the Gulf of Mexico, and the frontier line was 725,406 square miles. . . .

The frontier line which now [1850] extended around a considerable part of Texas and issued on the Gulf Coast at the mouth of the Nueces River, was 4500 miles in length. . . .

In 1860 the first extension of settlement beyond the line of the Missouri River is noted. The march of settlement up the slope of the Great Plains had begun. . . .

The decade 1870 to 1880.

During the decade from 1870 to 1880 . . . the first noticeable point . . . is the great extent of territory which was brought under occupation during the decade. Not only had settlement spread west over large areas in Dakota, Nebraska, Kansas and Texas, thus moving the frontier line of the main body of settlement west many scores of miles, but the isolated settlements of the Cordilleran Region and of the Pacific coast showed enormous accessions of occupied territory. . . .

The population between 1880 and 1890.

[Between 1880 and 1890] the most striking fact connected with the extension of settlement . . . was the numerous additions which were made to the settled area within the Cordilleran Region. . . . Settlements spread westward up the slope of the plains, until they joined the bodies formerly isolated in Colorado, forming a continuous body of settlement from the East to the Rocky Mountains. . . .

The twelfth census [1900] marked 110 years of growth of the United States, during which period the population increased more than twenty-one times, and the country grew from groups of settlements of less than four million people to one of the leading nations of the world, with a population of nearly 85,000,000. . . .

Census
of 1900.

The returns of the thirteenth census [1910] measure the growth of the United States after 120 years of development. During this period the country has grown from less than four million inhabitants to more than 90,000,000. . . . [Of a number of important countries which the Federal Census Bureau has compared with respect to population], the United States was eighth in 1800, but during the century its population increased so rapidly that it passed Spain, Italy, the United Kingdom, Austria-Hungary, France and Germany, and, at the census of 1880, and since that census, has been second, standing just below Russia. . . .

Population
of the
United
States:
summary.

33. Occupations of the American people ¹

In the three centuries which have elapsed since the English began serious colonization on the coast of North America, the territory now embraced within the United States has become the home of more than a hundred million people. This is a striking tribute, not only to the appeal of the rich resources of America, but to the ability of our population to support and perpetuate itself in industrial and professional pursuits. The versatile character of the population of the United States is shown by an enumeration of the chief occupations by means of which our people earn their living. The following summary is from the census of the United States:

More than
a hundred
million
people have
found
homes in
the United
States.

¹ From the *Thirteenth Census of the United States*. Washington, 1910. Vol. iv. P. 53.

NUMBER OF PERSONS TEN YEARS OF AGE AND OVER ENGAGED
IN PRINCIPAL OCCUPATIONS, 1910.

<i>Occupation</i>		<i>Total</i>
All occupations.....		38,167,336
Agriculture and allied industries.	Agriculture, forestry, and animal husbandry	12,659,203
	Dairy farmers.....	61,816
	Dairy farm laborers.....	35,014
	Farmers.....	5,805,003
	Farm laborers.....	5,975,057
	Fishermen and oystermen.....	68,275
	Gardeners, florists, fruit growers, and nurserymen.....	139,255
	Garden, greenhouse, orchard, and nursery laborers.....	133,927
	Lumbermen, raftsmen, and woodchoppers.....	161,268
	Stock herders, drovers, and feeders.....	62,975
	Stock raisers.....	52,521
	All others in this division.....	104,092
Mining.	Extraction of minerals.....	964,824
	Coal mine operatives.....	613,924
	Gold and silver mine operatives.....	55,436
	Other mine operatives.....	136,125
	Quarry operatives.....	80,840
	All others in this division.....	78,499
Manufacturing and mechanical industries.	Manufacturing and mechanical industries.....	10,658,881
	Apprentices.....	118,964
	Bakers.....	89,531
	Blacksmiths, forgemen, and hammermen.....	240,519
	Brick and stone masons.....	169,402
	Builders and building contractors.....	174,422
	Carpenters.....	817,120
	Compositors, linotypers, and typesetters.....	127,589
	Dressmakers and seamstresses (not in factory).....	449,342
	Electricians and electrical engineers.....	135,519
	Engineers (stationary).....	231,041
	Firemen (except locomotive and fire department).....	111,248
	Foremen and overseers (manufacturing).....	175,098
	Laborers:	
	Clay, glass, and stone industries.....	154,826
	Food industries.....	82,015
	General and not specified laborers.....	869,478
	Helpers in building and hand trades.....	65,431

<i>Occupation</i>	<i>Total</i>	
Lumber and furniture industries.....	317,244	
Metal industries.....	527,714	
Textile industries.....	87,146	
All other industries.....	385,852	
Machinists, millwrights, and toolmakers.....	488,049	
Managers and superintendents (manufacturing).....	104,210	
Manufacturers and officials.....	256,591	
Milliners and millinery dealers.....	127,906	
Molders, founders, and casters (metal).....	120,900	
Painters, glaziers, varnishers, enamelers, etc.....	337,355	
Plumbers and gas and steam fitters.....	148,304	
Semiskilled operatives:		
Cigar and tobacco factories.....	151,519	
Clay, glass, and stone industries.....	88,628	
Clothing industries.....	144,607	
Food industries.....	88,834	
Lumber and furniture industries.....	167,490	
Metal industries.....	438,063	
Printing and publishing.....	67,469	
Shoe factories.....	181,010	
Textile industries.....	650,260	
All other industries.....	463,655	
Sewers and sewing machine operators (factory).....	291,209	
Shoemakers and cobblers (not in factory).....	69,570	
Tailors and tailoresses.....	204,608	
Tinsmiths and coppersmiths.....	59,833	
All others in this division.....	679,310	
Transportation.....	2,637,671	Transportation.
Brakemen.....	92,572	
Conductors (steam railroad).....	65,604	
Conductors (street railroad).....	56,932	
Draymen, teamsters, and expressmen.....	408,469	
Foremen and overseers (railroad).....	69,933	
Hostlers and stable hands.....	63,388	
Laborers (railroad, steam and street).....	570,975	
Laborers (road and street building and repairing).....	180,468	
Locomotive engineers.....	96,229	
Locomotive firemen.....	76,381	
Longshoremen and stevedores.....	62,857	
Mail carriers.....	80,678	
Motormen.....	50,005	
Switchmen, flagmen, and yardmen.....	85,147	
Telegraph operators.....	60,953	

<i>Occupation</i>		<i>Total</i>
Telephone operators.....		97,893
All others in this division.....		501,187
Trade.	Trade.....	3,614,670
Bankers, brokers, and money lenders.....		105,804
Clerks in stores.....		387,183
Commercial travelers.....		163,620
Deliverymen.....		229,619
Insurance agents and officials.....		97,964
Laborers in coal and lumber yards, warehouses, etc.....		81,123
Laborers, porters, and helpers in stores.....		102,333
Real estate agents and officials.....		125,862
Retail dealers.....		1,195,029
Salesmen and saleswomen.....		921,130
Wholesale dealers, importers, and exporters.....		51,048
All others in this division.....		153,955
Public and	Public service (not elsewhere classified).....	459,291
Guards, watchmen, and doorkeepers.....		78,271
Laborers (public service).....		67,234
Officials and inspectors (city and county).....		52,254
Officials and inspectors (state and United States).....		52,926
Policemen.....		61,980
Soldiers, sailors, and marines...*		77,153
All others in this division.....		69,473
professional	Professional service.....	1,663,569
service.	Actors.....	28,297
Artists, sculptors, and teachers of art.....		34,104
Civil and mining engineers and surveyors.....		58,963
Clergymen.....		118,018
Lawyers, judges, and justices.....		114,704
Musicians and teachers of music.....		139,310
Physicians and surgeons.....		151,132
Teachers.....		599,237
Trained nurses.....		82,327
All others in this division.....		337,477
Domestic	Domestic and personal service.....	3,772,174
and per-	Barbers, hairdressers, and manicurists.....	195,275
sonal serv-	Bartenders.....	101,234
ice.	Boarding and lodging house keepers.....	165,452

<i>Occupation</i>	<i>Total</i>	
Charwomen and cleaners.....	34,034	
Hotel keepers and managers.....	64,504	
Housekeepers and stewards.....	189,273	
Janitors and sextons.....	113,081	
Laborers (domestic and professional service).....	53,480	
Launderers and laundresses (not in laundry).....	533,697	
Laundry operatives.....	111,879	
Midwives and nurses (not trained).....	133,043	
Porters (except in stores).....	84,128	
Restaurant, café, and lunch-room keepers.....	60,832	
Saloon keepers.....	68,215	
Servants.....	1,572,225	
Waiters.....	188,293	
All others in this division.....	103,529	
Clerical occupations.....	1,737,053	Clerical occupations.
Agents, canvassers, and collectors.....	105,127	
Bookkeepers, cashiers, and accountants.....	486,790	
Clerks (except clerks in stores).....	720,408	
Messenger, bundle, and office boys.....	108,035	
Stenographers and typewriters.....	316,693	

34. Governmental encouragement of business ¹

Our industrial success has been due chiefly to the richness of our natural resources on the one hand, and to the virility and energy of the American people on the other. But however rich in natural resources a country may be, and however industrious the individuals in control of those resources, industrial success cannot be attained without a good government. A great factor in the material prosperity of the American people, therefore, has been the helpful attitude of our government. The following passages briefly describe some of the more important services rendered American business by the Federal government:

The bureau of public health in the Treasury Department collects information as to the sanitary condition of ports and places in the

Importance
of good
government
to industry.

Public
health.

¹ From various bulletins issued by the United States Government.

United States and foreign countries, including existence of epidemics; conducts national quarantine service at nearly all ports of the United States and its possessions; has officers in South and Central American, Asiatic, and European ports for inspection of vessels and emigrants leaving for the United States.

Work of
the Depart-
ment of
Agriculture.

The Department of Agriculture extends numerous services to the American people. The Department issues a large number of scientific and technical publications, including the Year-book, the Farmers' Bulletins series, the Monthly Weather Review, and the Crop Reporter. The scope of the Department's work may be indicated by an enumeration of the chief bureaus and divisions within it. These are the weather bureau, the office of farm management, bureau of animal industry, bureau of plant industry, forest service, bureau of chemistry, bureau of soils, bureau of entomology, bureau of statistics, bureau of experiment stations, bureau of crop estimates, office of public roads and rural engineering, bureau of markets, horticultural board, and the insecticide and fungicide board.

Some func-
tions of the
Department
of the
Interior.

Several of the bureaus and divisions within the Department of the Interior perform valuable services with respect to American industry. The geological survey investigates, classifies and issues reports upon the mineral resources of the nation. The bureau of mines is concerned with the mining, quarrying, treatment and utilization of ores and other mineral substances. The patent office grants letters patent for inventions, and registers trade-marks. The reclamation service is charged with the survey, construction and operation of the irrigation works in arid states. The bureau of education collects statistics and general information showing the condition and progress of education, including commercial and industrial teaching at home and abroad.

The De-
partment of
Commerce

The Department of Commerce is directly concerned with American industry and commerce. As in the case of other Federal executive departments, the work of the Department of Commerce is carried on by bureaus and boards. The bureau of the census prepares and prints decennial reports on the population and numerous industrial activities of the nation. The Department includes a bureau of fisheries, a bureau of navigation, a bureau of lighthouses, and a steamboat inspection bureau. The bureau of standards within the

Department of Commerce has the custody of the national standards of weights, measures, etc.

Of increasing importance is the work of the bureau of foreign and domestic commerce, within the Department of Commerce. This bureau was created in 1912 by the consolidation of the bureau of manufactures and the bureau of statistics. The function of the bureau of foreign and domestic commerce is the investigation and promotion of American business at home and abroad. In order to fulfill this function the bureau employs a corps of commercial agents, who investigate trade conditions at home and abroad, and submit reports resulting from their observations. The bureau makes use of all available means to publish as widely as possible commercial information of interest and value to the manufacturing interests of the country. and its functions.

The youngest of the Federal executive departments is the Department of Labor, created in 1913 by the separation of the Department of Commerce and Labor into a Department of Commerce and a Department of Labor. The functions of the latter department are steadily increasing. Within this Department is the bureau of labor statistics, which compiles and publishes useful information on subjects connected with labor in the most general and comprehensive sense of that word. Important functions are performed by the bureau of immigration, the bureau of naturalization, and the children's bureau, all of which are located within the Department of Labor. The Department of Labor.

35. Keeping track of industrial tendencies ¹

One of the outstanding features of American industry is its great size and complexity. The United States is almost as large as the whole of Europe, yet the industries of this country must often be considered as a unit. Thus one of the most important services in business life is the systematization and interpretation of industrial data. Numerous governmental and private agencies attempt to give a bird's-eye view of industrial tendencies, with the aim of keeping the American business man in touch with fundamental facts and signifi- Magnitude of American industry.

¹ From the National City Bank of New York, *Monthly Business Letter*, September, 1921.

cant developments. The following excerpts are from the *Monthly Business Letter*, by means of which the National City Bank of New York attempts to keep track of industrial tendencies:

Monthly Business Letter for September, 1921

General
business
conditions.

The general situation in business has changed little, with business in August quiet. . . . If the farmers who think they are the only sufferers from falling prices knew the facts about the losses of manufacturing and trading companies they would be less unhappy about their own. There has been misery enough to go all around. . . . Bank clearings have been running about 26 per cent below those of a year ago, which in view of the fall of prices is a remarkably good showing. Railway traffic has been helped by the big grain movement, but car-loadings are about 20 per cent below last year. . . .

The in-
dustries.

The industries are very quiet, with a few exceptions. There is said to be a little more activity in iron and steel, but the past month has seen further reductions both in wages and prices. . . . The textile industries as a group are an exception to the general situation. This is particularly true in cotton goods, which have blossomed out into something resembling a real boom. . . .

The crops.

The grain crops are not quite up to last year, having suffered injury under the heat and dry weather of July. . . . The general situation as to wheat is good. Unlike that of last year, domestic stocks of flour are small and the millers are buying grain freely. . . . The corn crop is about 200,000,000 bushels under last year's, but is around 3,000,000,000 bushels, and the carry-over from last year is very large. The oat crop is poor, but there also the carry-over is large. . . . The situation of the cotton crop would signify disaster in normal times. The acreage was reduced about 25 per cent, and now the condition of the crop forecasts a low yield per acre. . . .

Money.

The demand for new money is light. While the boom was on and the tendency of prices was upward, money was in constantly increasing demand, for no matter what profits borrowers made nobody wanted to use any of them for so uninteresting a purpose as paying debts. That situation has changed. While the low prices are making money tight, the demand is for the purpose of paying old debts. The people now have their minds fixed on getting out of debt. . . .

36. The wealth of the nation ¹

The rich natural resources of the nation have been utilized by a virile, energetic people, living under a helpful legal system. As a result the United States is to-day the wealthiest country in the world. Though the exact measurement of our national wealth is perhaps impossible, the estimates of careful statisticians are generally accepted as approximately correct. From such estimates it appears that the wealth of the nation increased, between 1850 and 1912, from \$7,000,000,000 to \$187,000,000,000. The character of this wealth, and its amount in comparison with the wealth of other countries, are shown in the following extract of a special bulletin of the Census Bureau:

The United States the wealthiest nation in the world.

TABLE 1. — ESTIMATED TRUE VALUE OF ALL PROPERTY

Increase in national wealth, 1850-1912.

<i>Date</i>	<i>Total</i>	<i>Per Capita</i>
1850	\$7,135,780,228	\$308
1860	16,159,616,068	514
1870	24,054,814,806	624
1880	43,642,000,000	870
1890	65,037,091,197	1,036
1900	88,517,306,775	1,165
1904	107,104,192,410	1,318
1912	187,739,071,090	1,965

. . . These estimates have been prepared upon two different bases and by a number of different methods. The estimates for 1850, 1860, and 1870 were confined to taxable real property and the personal property of private individuals, firms, and corporations. They did not include any estimates of the value of the public domain nor of other exempt realty, nor of the value of the furniture or equipment of public buildings of governments nor of charitable, religious, or educational institutions, all of which were included in the estimates for 1880, 1890, 1900, 1904, and 1912. . . .

Estimates for 1912 and 1900. — Table 2, which follows, affords a ready means of comparing the total values of the several classes of wealth in 1912 with those of 1900. . . .

¹ From the United States Bureau of the Census, *Estimated Valuation of National Wealth, 1850-1912*. Washington, 1915; pp. 14-16, 18-20.

TABLE 2. — ESTIMATES OF WEALTH FOR 1912 AND 1900
(in millions of dollars)

National wealth in 1900 com- pared with national wealth in 1912.	Form of Wealth		1912	1900
	Total.....		\$187,739	\$88,517
	Real property and improvements taxed.....		98,362	46,324
	Real property and improvements exempt.....		12,313	6,212
	Live stock.....		6,238	3,306
	Farm implements and machinery.....		1,368	749
	Manufacturing machinery, tools, and implements.....		6,091	2,541
	Gold and silver coin and bullion.....		2,616	1,677
	Railroads and their equipment.....		16,148	9,035
	Street railways, etc.:			
	Street railways.....		4,596	1,576
	Telegraph systems ¹		223	211
	Telephone systems.....		1,081	400
	Pullman and cars not owned by railroads.....		123	98
	Shipping and canals.....		1,491	537
	Irrigation enterprises.....		360	...
	Privately owned waterworks.....		290	267
	Privately owned central electric light and power stations..		2,098	402
	All other:			
	Agricultural products.....		5,240	1,455
	Manufactured products.....		14,693	6,087
	Imported merchandise.....		826	424
	Mining products.....		815	326
	Clothing and* personal adornments.....		4,295	2,000
	Furniture, carriages, and kindred property.....		8,463	4,880

¹ Includes wireless systems.

Wealth of
the United
States com-
pared with
the wealth
of other
countries.

Estimated wealth of different countries. — Owing to the insufficiency of official and trustworthy data pertaining to the subject, it has been impossible to prepare a summary of the aggregate wealth of all nations. The following statement summarizes the information concerning the wealth of the principal nations as it has been assembled by Augustus D. Webb, Fellow of the Royal Statistical Society, and published in "The New Dictionary of Statistics" for 1911. The authority referred to gives the values in pounds sterling. The reduction to dollars is at the rate of \$4.8665 per pound sterling. It will be observed that the figures for the United States are those compiled by

the Bureau of the Census for the year 1904. The data presented are far from comparable because of the difference in dates for which the estimates were made and the character of the data included. . . .

<i>Country</i>	<i>Year</i>	<i>Character of Data</i>	<i>Amount</i>
United States.....	1904	Total wealth.....	\$107,104,192,410
British Empire.....	1903	Total wealth.....	108,279,625,000
United Kingdom.....	1903	Total wealth.....	72,997,500,000
Canada.....	1903	Total wealth.....	6,569,775,000
Australasia.....	1903	Total wealth.....	5,353,150,000
India.....	1903	Total wealth.....	14,599,500,000
South Africa.....	1903	Total wealth.....	2,919,900,000
Remainder of Empire..	1903	Total wealth.....	5,839,800,000
France.....	Recently	Private wealth.....	46,798,500,000
Denmark.....	1900	Total wealth.....	1,946,600,000
Germany.....	1908	Total wealth.....	77,864,000,000
Australia.....	1903	Private wealth.....	4,578,903,000
New Zealand.....	1905	Public and private wealth	1,605,945,000
Cape of Good Hope.....	1907	Fixed property.....	428,939,492

Questions on the foregoing Readings

1. Upon what two factors does industrial development depend?
2. Compare the area of the United States in 1783 with the area of this country in 1900.
3. Describe briefly the extent of our mineral resources.
4. What, according to Professor Channing, has been the effect of the American environment upon the European race?
5. Discuss briefly the distribution of the population of the United States in 1790.
6. Outline the extension of the frontier line between 1800 and 1860.
7. In what sections of the country did our population increase most rapidly between 1880 and 1890?
8. Summarize briefly the increase in population in the United States between 1790 and 1910.
9. What is the significance of the fact that more than a hundred million people now make their homes within the United States?

10. Name some occupations which the census bureau lists under the general head of "manufacturing and mechanical industries."
11. What are some of the occupations which have to do with transportation?
12. What occupations does the term "professional service" include?
13. What was the total number of persons ten years of age and over, who in 1910 were engaged in gainful occupations in the United States?
14. What is the relation of government to industry?
15. What are some of the functions of the Department of Agriculture?
16. Outline briefly those functions of the Department of the Interior which are closely related to our industrial development.
17. What are the chief functions of the Department of Commerce?
18. What are some of the concerns of the Department of Labor?
19. Describe the method by which the National City Bank of New York keeps track of industrial tendencies in the United States.
20. What factors have made the United States the wealthiest nation in the world?
21. Summarize the increase in our national wealth between 1850 and 1912.
22. Name some of the forms of wealth which are recognized in the enumerations of the Federal Census Bureau.
23. Compare the wealth of the United States with the wealth of the British Empire.
24. Compare the United States with several other European countries with respect to national wealth.

CHAPTER VII

WHAT IS MEANT BY PRODUCTION

37. Man's part in production ¹

No term is more commonly used in business circles than "production," and yet the exact meaning and significance of this word is often difficult to explain. As a working definition we may say that production is the manufacture of objects, or the performance of services, which will satisfy the wants of man. The part which man actually takes in the productive process has been described by the celebrated Austrian economist, Boehm-Bawerk, in the following language:

A definition of production.

To "produce": what does this mean? It has been so often said by economists that the creation of goods is not the bringing into existence of materials that hitherto have not existed — is not "creation" in the true sense of the word, — but only a fashioning of imperishable matter into more advantageous shapes, that it is quite unnecessary to say it again. More accurate, but still exposed to misinterpretation, is the expression that in production natural powers are the servants of man, and are directed by him to his own advantage. If this proposition be taken to mean that man in any case can impose his sovereign will *in place* of natural laws, can at will "bully" natural law into making a single exception at his bidding, it is entirely erroneous. Whether the lord of creation will it or no, not an atom of matter can, for a single moment or by a hair's breadth, work otherwise than the unchangeable laws of nature demand.

To "produce": what does this mean?

Man's rôle in production is much more modest. It consists simply in this — that he, himself a part of the natural world, combines his personal powers with the impersonal powers of nature, and

Man plays a modest part in production.

¹ From Eugen von Boehm-Bawerk, *The Positive Theory of Capital*. The Macmillan Co., 1891; pp. 12-14.

combines them in such a way that under natural law the coöperation results in a definite, desired material form. Thus, notwithstanding the interference of man, the origin of goods remains purely a natural process. The natural process is not disturbed by man, but completed, inasmuch as, by apt intervention of his own natural powers, he supplies a condition which has hitherto been wanting to the origination of a material good.

Man moves
things.

If we look more closely at the way in which man assists natural processes, we find that his sole but ample contribution consists in the moving of things. "Putting objects in motion" is the idea which gives the key to all human production and its results; — to all man's mastery over nature and its powers.

Significance
of this
statement.

And this is so simply because the powers reside in the objects. Now when man by his physical powers — the power of moving things — is able to dictate *where* the object shall be, he obtains a control over the place at which a natural power may become effective; and this means broadly a control over the way and over the time in which it may become effective. . . .

The state-
ment ex-
plained

Of course a pound weight acts as a pound weight and never in any other way. . . . But just because the expression of one and the same natural power always remains the same, results that are extraordinarily different may be obtained by getting it to work in different combinations — just as by adding like to unlike a different sum may be got every time. And so our pound weight, while in itself constantly acting with perfect uniformity, will, according to the different surroundings in which we place it, sometimes hold together a heap of papers on a writing-table, sometimes indicate the weight of another object, sometimes regulate the pressure of steam in the boiler.

and
clarified.

Again I say a control over the time in which a natural power may become effective. This proposition, also, must not be taken too literally. It must not be imagined that natural powers work intermittently; that man can sometimes bring them to a stand-still, sometimes set them working again. On the contrary, natural powers are always at work; a natural power not active would be a contradiction in terms. But it is possible that several powers may be so combined that their activities may for a time mutually

balance each other, and the resultant be rest. . . . This suggests how man may get control of the point of time at which a definite resultant emerges. It is only necessary for him, by skilful use of his power to move objects, to provide the causes of the desired effect, all but one. So long as this one is not present the conditions are unfulfilled, and there cannot be the desired result. But when at the proper moment he adds the last condition, the movement hitherto held in leash, as it were, is suddenly set free, and the desired effect is obtained at the opportune time.

Thus the sportsman moves powder and lead into the barrel of the gun; he shuts the breech; he raises the cock. Each of these things has for long possessed and expressed its peculiar powers. In the powder are present the molecular powers whose energy later on is to expel the shot from the barrel. The barrel now, as formerly, exerts its forces of cohesion and resistance. The trigger which is to let the cock smash down, strains and presses against the spring. Still the arrangement, the disposition of the collective powers, is such that the resultant of their mutual energies is rest. But the sportsman covers the wild fowl with the barrel: there is a slight pressure on the tongue, a little dislocation of the arrangements, and the shot flies. . . .

The example of a sportsman firing a gun.

38. The principle of the division of labor ¹

Production is as old as the human race itself, for of course even the earliest peoples had to put forth some effort to satisfy their wants. Observation and experience have shown us that there are all sorts of methods of production, some laborious and inefficient, others increasingly effective. In an important sense, production is effective in proportion as it makes use of the principle of the division of labor. The nature and significance of this important principle have been described by Adam Smith, the "father" of modern economics, in the following language:

There are various methods of production.

This division of labor, from which so many advantages are derived, is not originally the effect of any human wisdom, which foresees

¹ From Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*. London, 1776. Book I, Chapter II.

Origin of
the principle
of the
division
of labor.

and intends that general opulence to which it gives occasion. It is the necessary, though very slow and gradual, consequence of a certain propensity in human nature which has in view no such extensive utility, *i.e.* the propensity to truck, barter, and exchange one thing for another. . . .

The
principle
unknown
among
the lower
animals.

It is common to all men, and to be found in no other race of animals, which seem to know neither this nor any other species of contracts. . . . Nobody ever saw a dog make a fair and deliberate exchange of one bone for another with another dog. Nobody ever saw one animal by its gestures and natural cries signify to another, this is mine, that yours: I am willing to give this for that. When an animal wants to obtain something either of a man or of another animal, it has no other means of persuasion but to gain the favor of those whose service it requires. A puppy fawns upon its dam, and a spaniel endeavors by a thousand attractions to engage the attention of its master who is at dinner, when it wants to be fed by him.

The unique
position
occupied
by man.

Man sometimes uses the same arts with his brethren, and when he has no other means of engaging them to act according to his inclinations, endeavors by every servile and fawning attention to obtain their good will. He has not time, however, to do this upon every occasion. In civilized society he stands at all times in need of the coöperation and assistance of great multitudes, while his whole life is scarce sufficient to gain the friendship of a few persons. In almost every race of animals each individual, when it is grown up to maturity, is entirely independent, and in its natural state has occasion for the assistance of no other living creature. But man has almost constant occasion for the help of his brethren, and it is in vain for him to expect it from their benevolence only. He will be more likely to prevail if he can interest their self-love in his favor, and show them that it is for their own advantage to do for him what he requires of them.

How man
generally
attains
his ends.

Whoever offers to another a bargain of any kind, proposes to do this: Give me that which I want, and you shall have this which you want, is the meaning of every such offer; and it is in this manner that we obtain from one another the far greater part of those good offices which we stand in need of. It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner,

but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities, but of their advantages. . . .

As it is by treaty, by barter, and by purchase, that we obtain from one another the greater part of those mutual good offices which we stand in need of, so it is this same trucking disposition which originally gives occasion to the division of labor. In a tribe of hunters or shepherds a particular person makes bows and arrows, for example, with more readiness and dexterity than any other. He frequently exchanges them for cattle or for venison with his companions; and he finds at last that he can in this manner get more cattle and venison, than if he himself went to the field to catch them. From a regard to his own interest, therefore, the making of bows and arrows grows to be his chief business, and he becomes a sort of armourer.

How the
division
of labor
arises:
an example.

Another excels in making the frames and covers of their little huts or movable houses. He is accustomed to be of use in this way to his neighbors, who reward him in the same manner, with cattle and venison, till at last he finds it to his interest to dedicate himself entirely to this employment, and to become a sort of house-carpenter. In the same manner a third becomes a smith or a brazier; a fourth a tanner or dresser of hides or skins. . . . And thus the certainty of being able to exchange all that surplus part of the produce of his own labor, (which is over and above his own consumption), for such parts of the produce of other men's labor as he may have occasion for, encourages every man to cultivate and bring to perfection whatever talent or genius he may possess for that particular species of business. . . .

Further
examples.

39. The productive methods of savages ¹

Civilization is so vast and complicated a structure that it is dangerous to attribute its development to any one principle, or even to any one group of principles. Nevertheless, the economist believes that in an important sense civilization depends upon industrial efficiency, and, further, that industrial efficiency depends primarily

The division
of labor in
its relation
to civiliza-
tion.

¹ From Frederick Starr, *Some First Steps in Human Progress*. Chautauqua Assembly, Chicago, 1901; pp. 63-67.

upon the division of labor. It is true, as Adam Smith has pointed out, that the savage makes some use of the principle of the division of labor. And yet we shall see, by comparing the remaining selections in this chapter, that the division of labor among savages is relatively simple and inefficient. The primitive methods of production among some primitive peoples are described by Dr. Starr in the following selection:

Some
peoples
have no
agriculture.

There is absolutely no agriculture among the Australians, who do not even lay by a stock of the poor foods which niggard nature gives them in that backward continent, but eat up all they find in one place and then migrate. Among the Bushmen and the Hottentots, also, there is no cultivation of the soil; with digging sticks weighted with heavy stone rings they dig up roots and tubers, but they plant no seeds that new roots and tubers may grow.

The work
of primitive
woman.

There can be no question that it was the woman, left at home to tend the fire, who was the first agriculturist. . . . While the man was hunting for game or fighting against his fellows, the woman by the fire, — trying to piece out the scanty fare with roots and stems, barks and leaves, which she could find about the home, — began the various peaceful industries of life. . . .

The
probable
origin of
agriculture.

In wanderings for roots and fruits she came upon some plant particularly noticed on account of its good promise; for fear some careless hunter might trample it under foot, or that some animal might steal or harm the fruit before it ripened, it would be protected by a few sticks set about it. That it might have a better chance to grow and bear its fruit the plants around it which prevented it getting full share of air and light would be cut away or plucked out. This was the beginning of the care of plants. Again, some young and sprouting plant distant from the fireside would be transplanted in order that it might be more accessible in time of need. Still later would come the idea of saving seed for planting, and with this idea the clearing of the soil and true agriculture. . . .

Agriculture
in aborig-
inal
America.

Many people whom we are in the habit of considering mere wild hunters had some agriculture; there were few, if any, tribes in North America east of the Rocky Mountains and south of the limit of almost continuous winter who did not raise some crops. All early travellers tell of the gardens of the Iroquois and Algonkin tribes

along our eastern seaboard, and it is well known that the settlers of New England must have starved if they had not been helped from the supplies of the Indians. Among the southern tribes, such as the Creeks, agriculture was still more developed. In Mexico, Central America, and the Greater Antilles abundant crops were raised. . . .

The first and simplest agricultural tool was a sharpened stick for digging up roots. . . . This first simple tool is used not only as a digging stick, but also for drilling holes in which to plant seeds; such is its use in Nubia, Yucatan, the Antilles, Sweden, and many other places.

A simple tool.

Corn-planting in Central America was and is a very simple process; a man going first with his drilling stick, makes a hole in the ground; his wife following after drops in a few seeds of maize; little people, following after these, with their feet cover the grain thus sown with the earth which was loosened by the stick. . . .

Planting time.

The first threshing must have been a very simple thing. The Indian women on the Illinois River, at an early day, simply bent the stalks of wild rice over the edge of their canoe and with flat paddles beat the heads until the seeds fell from them into the boat. Fire no doubt was used by [the] women of many primitive folk to get the useless husk off from the grain and seeds. After animals were tamed and reduced to use they would be brought into service; thus among the Pueblo Indians in the Southwest, threshing is performed as follows:

Harvesting wild rice.

A circular area some yards across is cleared and smoothed and covered with a firm floor of beaten or hard-trodden clay. This floor is enclosed by a circle of poles set in the ground, and connected by means of ropes or cords. The grain to be threshed is cut and brought in from the fields; it is heaped up, upon the threshing floor; a drove of ponies is turned into the enclosure and kept running around and around by a man who stands in the center with a whip. Soon the motion of the many hoofs upon the straw shakes the grain from the husks. . . . Such is one form of primitive threshing. . . .

Threshing among the Pueblo Indians.

40. Division of labor in colonial manufactures ¹

The industrial efficiency of civilized man is of recent growth.

If we were to contrast the productive methods of savages with the methods employed in some of the largest and most efficient factories of modern times, it would appear that there is no comparison between the productivity of the savage and that of civilized man. And yet the highly effective methods of modern industry are only two or three centuries old. In some of the manufactures of colonial days, for example, there was not a sufficient application of the principle of the division of labor, and certainly not enough in the way of industrial efficiency, to warrant a contempt for the methods of the savage. The relatively unproductive methods of colonial times may be illustrated by the boot and shoe industry in early Massachusetts. The early stages of this industry are described by Miss Hazard as follows:

The home stage in boot and shoe manufacture.

During the home stage in the shoe industry in Massachusetts shoes were made only for human consumption. There was no market for them. . . . The farmer and his older sons made up in winter around the kitchen hearth the year's supply of boots and shoes for the family, out of leather raised and tanned on his own or a neighbor's farm. . . . Each boy in turn stood on a piece of paper or on the bare floor, and had the length of his foot roughly marked off with chalk or charcoal. The shoemaker selected from among his meagre supply of lasts the one which came "somewhere near" that measure. There were only two styles, low shoes or brogans, and high boots.

The handicraft stage.

The second or handicraft stage came in the Massachusetts boot and shoe industry with easier times in each village in turn. It had been foreshadowed by the itinerant cobbler. Now the real shoemaker could stay in his own shop, working on his own or his customer's supply of leather. He dealt directly with his market in the first phase of this stage and made only ordered or "bespoke" work. . . . The number of master workmen in any one town was comparatively small, of course, in this "direct market" or "town economy" period, dependent as they would be upon the possible orders of a single community. Their journeymen went to the frontier settlements

¹ From Blanche E. Hazard, "The Organization of the Boot and Shoe Industry in Massachusetts before 1875." *Quarterly Journal of Economics*, Vol. XXVII. February, 1913; pp. 239-244.

to set up in the craft for themselves, leaving the supply of apprentices to fill their places in the future. . . .

There were times when the more advanced apprentices or even the journeymen spoiled a pair of shoes started for a definite customer, and these remained on the master's hands to be disposed of. Then there were slack times when the apprentices might fairly be expected to "eat their own heads off," to the shoemaker's loss. In such a case the craftsman ventured to make up the stock on hand, to employ this otherwise wasting labor, and then tried to dispose of the shoes in the village grocery store. Since the market was uncertain and slow for this extra work, both stock and labor may frequently have been below the standard used in the custom-made shoes. . . .

The manu-
facture of
"extra" or
"sale"
shoes.

In case the shoemakers lived in villages too far from Boston to attract customers, but near enough to send in their surplus product, their attention to sale work would steadily grow. A seemingly typical case, with all its local flavor, can be followed in detail in the bills, letters, account books, and oral traditions of Quincy Reed of Weymouth. He expected to be a shoemaker just as his great-grandfather William, who landed in Weymouth in 1635, and his grandfather and father had been. In 1809 the father was a master with custom work and probably some sale work for local consumption. As Quincy tells the story:

The case of
Quincy
Reed of
Weymouth.

"My brother Harvey began it by taking chickens to Boston. He had a pair of chaise wheels in the barn, and putting on a top piece, loaded her up and drove to town. He hung some shoes on the chaise and we sold them in Boston. All the shoes . . . before we began business, were carried into Boston in saddle bags. . . .

His story.

"We hired a store of Uriah Cotting at 133 Broad Street and fitted it up. Then I used to keep a chest of shoes in a cellar near Dock Square and on Wednesday and Saturday would bring out the chest and sell. I got \$15 and \$20 a day by it in 1809. I was sixteen and my brother was eighteen years old then. We moved into the Broad Street store with two bushels of shoes. I used to cut out what would promise to be \$100 worth a day. We couldn't have them made [as fast as that], but I could cut them. One day I cut 350 pair of boot fronts and tended store besides. Most of the shoes were made by people in South Weymouth. We had nearly every man there

working for us before long. Used to bring out the sole leather swung across the horse's back in those days." . . .

41. Slater introduces power machinery into America ¹

The
Industrial
Revolution
in England.

The foregoing selection traces, to a slight extent, the increasing efficiency of individuals engaged in the boot and shoe industry. While this type of development was going on in this and a number of other colonial industries, the invention in England of a series of remarkable machines was permitting the manufacturers of that country to make greater and greater use of natural power. The Industrial Revolution, initiated in England after 1750, gave that country a decided advantage in the manufacture of textiles and other products. This naturally increased the desire of American manufacturers to set up machines similar to those in use in England. The following extract tells, briefly, the story of how power machinery was introduced into the United States from England:

The mill
at Beverly,
Massachu-
setts.

It was at the period so prolific in inventions, and when the use of cotton had so increased in England, that the manufacture was commenced in the United States. The first [textile] mill was at Beverly, Mass. It had a capital of [about] \$450,000, and was organized in 1787, for the manufacture of corduroys and bed ticks. . . . The machines were very rude, inasmuch as the new inventions in England were then unknown here.

Samuel
Slater
comes to
America,

Samuel Slater was an apprentice to Jedediah Strutt, the partner of Arkwright. He served his time, and when of age departed for America, where he arrived in 1789. In the following year, he entered into partnership with Almey and Brown to start a factory in Pawtucket [Rhode Island].

Here, then, were put up, in the best manner, the whole series of machines patented and used by Arkwright for spinning cotton. There had been previous attempts at the spinning of cotton by water power, and some rude machines were in existence for spinning the rolls prepared by hand, in private families; but the machines that had been invented in England were entirely unknown here until put up by Slater.

¹ From *One Hundred Years' Progress of the United States*. Hartford, Conn., 1872; pp. 277-281.

Those machines were so perfect that, although put up in 1790, they continued to be used forty years, up to 1830, when they formed part of an establishment of two thousand spindles, which still exists in Pawtucket under the name of the "old mill." Slater's business was prosperous, and he amassed a large fortune. He died in 1834. . . .

and sets up
power
machinery
at Paw-
tucket.

It is to be remarked that his business was confined to the spinning of cotton. This business, of course, spread as soon as it was found to be profitable. . . . It will be observed that Mr. J. Slater got his mill into operation at the same period that the Federal government was organized under the new Constitution, a most auspicious event. The manufacture did not fail to attract the attention of the new government, and Alexander Hamilton, Secretary of the Treasury, in his famous report of 1791, remarks:

"The manufacture of cotton goods not long since established at Beverly, in Massachusetts, and at Providence, Rhode Island, seems to have overcome the first obstacles to success; producing corduroys, velverets, fustians, jeans, and other similar articles, of a quality which will bear a comparison with the like articles brought from Manchester. The [mill] at Providence has the merit of being the first in introducing into the United States the celebrated cotton mill, which not only furnishes material for the factory itself, but for the supply of private families for household manufacture." . . .

Alexander
Hamilton
comments
upon the
significance
of Slater's
work.

It may be remarked that down to 1828 the exportation of machines of all kinds . . . was strictly prohibited in England, for fear other nations should benefit by English mechanical genius, of which they supposedly had a monopoly; . . . Mr. Slater, the "father" of American cotton manufactures, was so closely watched at the English custom-house, that he could not smuggle over a drawing or pattern. He had, however, acquired a full knowledge of the Arkwright principle of spinning, and from recollection, and with his own hands, made three cards and twenty-two spindles, and put them in motion in the building of a clothier, by the water-wheel of an old fulling-mill. . . .

England's
attitude
toward the
exportation
of machines.

42. An example of the complex division of labor¹

Extent of
the division
of labor in
American
industry.

In an important sense, the division of labor in modern industry has developed along two lines: In the first place, men have in many cases divided up their labor so minutely that each man carries on by hand a highly specialized type of work. In the second place, certain complex activities have been broken up into operations so simple that they need no longer be done by hand, but can be performed by machinery. At the present time, a considerable number of American industries exhibit a minute and highly complex division of labor, both among hand workers, and among machines operated by individuals. The stock-slaughtering business in Chicago, Ill., is an excellent example of the complex division of labor among persons working primarily by hand. The following description is by Professor Commons:

Importance
of the
cattle
butcher.

The cattle butchers' local unions number 5,500 of the 50,000 members, and of these about 2,000 are the most highly skilled of all the workmen in the slaughtering and packing industry. Their importance has brought to them the title of "butcher aristocracy." Their strategic position is explained by the character and expensiveness of the material they work upon. The cattle butcher can do more damage than any other workman; for a cut in the hide depreciates its value 70 cents, and a spotted or rough carcass will be the last to sell, with the risk of the rapid depreciation of a perishable product.

The sheep butcher merely "pulls off" three-quarters of the hide, but the cattle butcher can pull off only 2 per cent. The entire hide must be neatly cut off, leaving the "fell," or mucous covering, intact on the carcass, to give it a good appearance. The "splitter," too, must make a neat and smooth cut straight down the middle of the ivory-like "fins" of the backbone, or the wholesaler cannot quickly dispose of the piece.

Minute
division of
labor in
the butchers'
gang.

Yet, notwithstanding the high skill required, the proportion of skilled workmen in the butchers' gang is very small, owing to a minute division of labor. It would be difficult to find another industry where division of labor has been so ingeniously and microscopically worked out. The animal has been surveyed and laid off like a map;

¹ From John R. Commons, "Labor Conditions in Meat Packing and the Recent Strike." *Quarterly Journal of Economics*, Vol. XIX, November, 1904; pp. 3-6.

and the men have been classified in over thirty specialties and twenty rates of pay, from 16 cents to 50 cents an hour. The 50-cent man is restricted to using the knife on the most delicate parts of the hide (floorman) or to using the axe in splitting the backbone (splitter); and, wherever a less skilled man can be slipped in at 18 cents, 18½ cents, 20 cents, 21 cents, 22½ cents, 24 cents, 25 cents, and so on, a place is made for him, and an occupation mapped out.

In working on the hide alone there are nine positions, at eight different rates of pay. A 20-cent man pulls off the tail, a 22½-cent man pounds off another part where the hide separates readily, and the knife of the 40-cent man cuts a different texture and has a different "feel" from that of the 50-cent man. Skill has become specialized to fit the anatomy. In this way, in a gang of 230 men, killing 105 cattle an hour, there are but 11 men paid 50 cents an hour, 3 men paid 45 cents, while the number getting 20 cents and over is 86, and the number getting under 20 cents is 144. . . .

Skill
specialized
to fit the
anatomy.

The division of labor grew with the industry, following the introduction of the refrigerator car and the marketing of dressed beef, in the decade of the seventies. Before the market was widened by these revolutionizing changes, the killing gangs were small, since only the local demands were supplied. But, when the number of cattle to be killed each day increased to a thousand or more, an increasing gang or crew of men was put together; and the best men were kept at the most exacting work.

How the
division
of labor
grew with
the in-
dustry.

At what point the greatest economy is reached was discovered by experiment and by comparison of one house with another. Each firm has accurate knowledge of the labor force and the output of every other house, and in this way improvement becomes general and each superintendent is keyed up. Taking a crew of 230 butchers, helpers, and laborers, handling 1,050 cattle a day under the union regulations of output, the time required for each bullock is equivalent to 131 minutes for one man, from the pen to the cooler, the hide cellar, and all the other departments to which the animal is distributed. But this is made up of 6.4 minutes for the 50-cent man, 1¼ minutes for the 45-cent man, and so on; and the average wage per hour for the gang would not exceed 21 cents, making the entire labor cost about 46 cents per bullock. . . .

How the
point of
greatest
economy is
discovered.

Questions on the foregoing Readings

1. Define production.
2. Why does Boehm-Bawerk say that man's rôle in production is modest?
3. What is the relation of production to man's power to move things?
4. Illustrate man's direction of natural forces with reference to the firing of a gun.
5. Upon what does the effectiveness of production depend?
6. Of what, according to Adam Smith, is the division of labor a consequence?
7. Does the division of labor exist among the lower animals? Explain.
8. What does Adam Smith mean by saying that we gain most of the things of which we stand in need, by addressing ourselves to the self-interest of other people?
9. What, according to the economist, is the relation of the division of labor to civilization?
10. Name some peoples who do not cultivate the soil.
11. Who, according to Dr. Starr, was the first agriculturist? Why?
12. What was probably the first and simplest tool used in primitive agriculture?
13. Describe the process of threshing grain, as practiced among the Pueblo Indians of southwestern United States.
14. What is the approximate age of the highly effective methods of modern production?
15. Describe briefly the nature of boot and shoe manufacture in Massachusetts during the home stage of manufacture.
16. What stage followed the home stage?
17. Where was the first textile mill in Massachusetts established?
18. Who was Samuel Slater?
19. Describe the work of Slater in the United States.
20. What was England's attitude toward the exportation of machines during the early part of the nineteenth century?
21. Along what two lines has the division of labor progressed?
22. What is meant by the "butcher aristocracy"?
23. Why is there a small proportion of skilled workmen in a butchers' gang?
24. Explain the statement that in the packing industry skill has been specialized to fit the anatomy of the animal.
25. How do packing firms discover the point at which their labor force can be utilized with greatest economy?

CHAPTER VIII

EXCHANGING THE PRODUCTS OF INDUSTRY

43. Relation of division of labor to the market ¹

The result of the complex division of labor is that the output of the group or community is greatly increased. If one man working alone were to perform all of the operations of butchering a bullock, the process might take him all day. But, as we have seen in the last chapter, butchering in a Chicago packing plant is carried on by a number of specialists who, by means of dividing up their labor minutely, are enabled to butcher an average of more than four bullocks per day per man.

The division of labor increases the productivity of the group,

It is clear that the division of labor increases the amount of product per man, yet it should be remembered that it is not economical to turn out this increased product unless there are purchasers for it. In other words, there must be an adequate market before the complex division of labor is practicable. In the following selection, Adam Smith explains the statement that the division of labor is limited by the extent of the market:

but is limited by the extent of the market,

As it is the power of exchanging that gives occasion to the division of labor, so the extent of this division must always be limited by the extent of the market. When the market is very small, no person can have any encouragement to dedicate himself entirely to one employment, for want of the power to exchange all that surplus part of the produce of his own labor, (which is over and above his own consumption), for such parts of the produce of other men's labor as he has occasion for.

as Adam Smith points out.

There are some sorts of industry, even of the lowest kind, which can be carried on nowhere but in a great town. A porter, for example, can find employment and subsistence in no other place. A village

¹ From Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*. London, 1776. Book I, Chapter III.

Some in-
dustries can
be carried
on only in
a large
town or
city.

is by much too narrow a sphere for him; even an ordinary market town is scarce large enough to afford him constant occupation. In the lone houses and very small villages which are scattered about in so desert a country as the Highlands of Scotland, every farmer must be butcher, baker and brewer for his own family. In such situations we can scarce expect to find even a smith, a carpenter, or a mason, within less than twenty miles of another of the same trade. . . . It is impossible there should be such a trade as even that of a nailer in the remote and inland parts of the Highlands of Scotland. Such a workman at the rate of a thousand nails a day, and three hundred working days in the year, will make three hundred thousand nails in the year. But in such a situation it would be impossible to dispose of one thousand, that is, of one day's work in the year.

Relation of
water trans-
portation to
the division
of labor
and

As by means of water-carriage a more extensive market is opened to every sort of industry than what land-carriage alone can afford it, so it is upon the sea-coast, and along the banks of navigable rivers, that industry of every kind naturally begins to subdivide and improve itself, and it is frequently not till a long time after that those improvements extend themselves to the inland parts of the country. A broad-wheeled wagon, attended by two men, and drawn by eight horses, in about six weeks' time carries and brings back between London and Edinburgh near four ton weight of goods. In about the same time a ship navigated by four or eight men, and sailing between the ports of London and Leith, frequently carries and brings back two hundred ton weight of goods. . . .

commerce.

Were there no other communication between . . . [London and Edinburgh], therefore, but by land-carriage, as no goods could be transported from the one to the other, except such whose price was very considerable in proportion to their weight, they could carry on only a small part of that commerce which at present subsists between them. . . .

Character
of the
market in
the inland
parts of the
country.

Since such, therefore, are the advantages of water-carriage, it is natural that the first improvements of art and industry should be made where this conveniency opens the whole world for a market to the produce of every sort of labor, and that they should always be much later in extending themselves into the inland parts of the country. The inland parts of the country can for a long time have

no other market for the greater part of their goods, than the country which lies round about them. . . . The extent of their market, therefore, must for a long time be in proportion to the riches and populousness of that country, and consequently their improvement must always be posterior to the improvement of that country. In our North American colonies the plantations have constantly followed either the sea-coast or the banks of the navigable rivers, and have scarce anywhere extended themselves to any considerable distance from both. . . .

2.

44. Beginnings in American railway development ¹

It follows from the above selection that an extensive market for commodities is dependent primarily upon transportation. At the time that Adam Smith was studying the relation of the market to the division of labor, transportation by means of the railroad was unknown, and water transportation was not effective in reaching the interior parts of this country. As a result, the American market for commodities was relatively a narrow one. It was not until after the first quarter of the nineteenth century that the American railway gave promise of greatly extending this market. The first important railway in the United States was the Baltimore and Ohio, which opened to traffic in 1830. This epoch-making event is described by Mr. Reizenstein in the following passage:

Until the coming of the railroad, the American market was a relatively narrow one.

Upon the twenty-second of May, 1830, the first division of the Baltimore and Ohio Railroad — thirteen and three-quarters miles long, from Baltimore to Ellicott's Mills — was opened for the transportation of passengers. The cars needed for general traffic, however, were not ready until early in June, but after that time the travel on the road was constant. By the first of October, 1830, the receipts were \$20,012.36, although the road had only a single track and was able to transport merchandise or produce during a few months only. The freight offered for transportation was about ten times the amount which the company was able to handle.

The Baltimore and Ohio opens to traffic in 1830.

¹ From Milton Reizenstein, *The Economic History of the Baltimore and Ohio Railroad, 1827-1853*. Johns Hopkins University Studies, Vol. xv, Baltimore, 1897; pp. 24-29.

This crude means of transportation

The sight presented on that May day in 1830, upon the occasion of the opening of the first railroad worthy of the name in America, was far less imposing than that presented upon a similar occasion to-day. There were merely a number of small open carriages, much resembling the old-style stage-coaches, with wheels so constructed as to enable them to run upon the tracks. Horses were used to furnish the motive power. . . .

attracted a great deal of attention.

The railroad, being the first of its kind in the country, naturally attracted much attention, and people came from considerable distances to see and travel upon this new and strange road.

The first steam locomotive was small, but fairly efficient.

The trial of the first steam locomotive on the tracks of the Baltimore and Ohio Railroad took place on August 25, 1830. The locomotive, which was the first intended for railroad purposes ever built in America, was the invention of Peter Cooper. It was scarcely more than a model, weighing but a single ton, and was appropriately named the "Tom Thumb." . . . The boiler was a small upright one, about the size of a modern kitchen boiler; its cylinder measured but three and a half inches in diameter, and its speed was gotten up by gearing. In order to secure the necessary steam pressure, a sort of bellows was used, which was worked by a pulley and cord passing over a drum on one of the car wheels. This crude machine was able to pull an open car of small dimensions from Baltimore to Ellicott's Mills, thirteen miles, in an hour and twelve minutes, and the return trip was made in fifty-seven minutes. . . .

The opening of this railroad greatly stimulated trade and industry.

The extension of the railroad to the Point of Rocks had an immediate effect upon that place. Several warehouses were erected; inns, dwellings and other improvements rapidly arose. The facilities for the transference of produce from the Potomac River to the railroad were ample, and the boatmen and farmers farther west resorted more and more to the Point of Rocks as the most convenient spot from which to reach the Baltimore market. It was stated also that every species of agricultural product, lime, timber of various kinds, and even paving-stones had been brought to Baltimore with profit to those making use of the road. In return, . . . plaster of paris, coal, boards, bricks and scrap iron had been sent into the interior. The existence of the road had also brought into use articles, in the sparsely settled country through which the railroad passed, which

had before been valueless to their possessors. Forests and quarries hitherto useless became sources of new profit to the owners. . . .

On January 4, 1831, the company published a notice offering \$4,000 for the most approved engine which should be delivered for trial upon the road on or before June 1 of the same year. . . . When the time specified for the trial had arrived, three locomotives were submitted for competition. Only one . . . stood the test. It . . . weighed $3\frac{1}{2}$ tons. It was mounted on wheels such as those on the common cars, thirty inches in diameter, and ordinarily made the trip between Baltimore and Ellicott's Mills, drawing four cars . . . in one hour. . . . The success of this engine and the satisfaction that it gave in its regular use after its trial led President Thomas to remark in his annual report in 1832 that the engine was but "as the commencement of a series of experiments which will even more fully than has yet been done, prove the adaptation of steam and railroads to every part of our country and for all purposes of trade and travel." . . .

In 1831 a new and more efficient engine was installed by the railroad company.

2

45. The nature and function of money ¹

The development of adequate means of transportation and communication has made possible the efficient transfer of commodities from places in which they are not wanted, or are wanted relatively little, to places where they are in greater demand. But while transportation widens the market for the products of industry, it should be noted that the actual exchange of commodities is impracticable, and often even impossible, until there is some device for measuring the relative values of commodities, and otherwise facilitating their exchange. The need for such a device has given rise to money, the nature and function of which Adam Smith has described in the following passage:

Importance of money in exchange.

When the division of labor has been once thoroughly established, it is but a very small part of a man's wants which the produce of his own labor can supply. He supplies the far greater part of them by exchanging that surplus part of the produce of his own labor,

Specialization the result of the division of labor.

¹ From Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*. London, 1776. Book I, Chapter IV.

(which is over and above his own consumption), for such parts of the produce of other men's labor as he has occasion for. Every man thus lives by exchanging, or becomes in some measure a merchant, and the society itself grows to be what is properly a commercial society.

Specialization implies an exchange of surplus products, but this may be difficult or impossible.

But when the division of labor first began to take place, this power of exchanging must frequently have been very much clogged and embarrassed in its operations. One man, we shall suppose, has more of a certain commodity than he himself has occasion for, while another has less. The former consequently would be glad to dispose of, and the latter to purchase, a part of this superfluity. But if this latter should chance to have nothing that the former stands in need of, no exchange can be made between them. ✓

Example of the butcher, the brewer, and the baker.

The butcher has more meat in his shop than he himself can consume, and the brewer and the baker would each of them be willing to purchase a part of it. But they have nothing to offer in exchange, except the different productions of their respective trades, and the butcher is already provided with all the bread and beer which he has immediate occasion for. No exchange can, in this case, be made between them. He cannot be their merchant; nor they his customers; and they are all of them thus mutually less serviceable to one another.

In order to facilitate exchange, the idea of money has been developed.

In order to avoid the inconveniency of such situations, every prudent man in every period of society, after the first establishment of the division of labor, must naturally have endeavored to manage his affairs in such a manner, as to have at all times by him, besides the peculiar produce of his own industry, a certain quantity of some one commodity or other, such as he imagines few people would be likely to refuse in exchange for the produce of their industry.

Various commodities have served as money,

Many different commodities, it is probable, were successively both thought of and employed for this purpose. In the rude ages of society, cattle are said to have been the common instrument of commerce; and, though they must have been a most inconvenient one, yet in old times we find things were frequently valued according to the number of cattle which had been given in exchange for them. . . . Salt is said to be the most common instrument of commerce and exchanges in Abyssinia; a species of shells in some parts of the coast of India; dried cod in Newfoundland; tobacco in Virginia. . . .

In all countries, however, men seem at last to have been determined by irresistible reasons to give the preference, for this employment, to metals above every other commodity. Metals cannot only be kept with as little loss as any other commodity, scarce anything being less perishable than they are, but they can likewise, without any loss, be divided into any number of parts. By fusion those parts can easily be reunited again, a quality which no other equally durable commodities possess, and which, more than any other quality, renders them fit to be the instruments of commerce and circulation.

but ultimately all peoples have preferred metals for this purpose.

The man who wanted to buy salt, for example, and had nothing but cattle to give in exchange for it, must have been obliged to buy salt to the value of a whole ox, or a whole sheep, at a time. He could seldom buy less than this, because what he was to give for it could seldom be divided without loss; and if he had a mind to buy more, he must, for the same reasons, have been obliged to buy double or triple the quantity, the value, to wit, of two or three oxen, or of two or three sheep. If, on the contrary, instead of sheep or oxen, he had metals to give in exchange for it, he could easily proportion the quantity of the metal to the precise quantity of the commodity which he had immediate occasion for. . . .

How money facilitates exchange.

46. Price as a measure of value ¹ 4

At the present time, therefore, a common method of exchanging goods is through the medium of money. The power of one good to command another in exchange we call value. When the exchange of goods is effected through the medium of money, value is measured in terms of money. Thus when a man sells a horse for \$500 and then buys a piano with this \$500, he has exchanged the horse for the piano, through the medium of money. The value of both horse and piano is, in this instance, measured by the \$500. This \$500, *i.e.* the measure of the horse and the piano in terms of the medium of exchange, is the price of each commodity. Price may be defined as the measure of value in terms of money. The importance of a common measure of things is discussed by Professor Gide in the following extract:

The relation of value to price.

¹ From Charles Gide, *Principles of Political Economy*. D. C. Heath & Co., 1903; pp. 64-66.

Importance
of a
common
measure
of things.

To obtain a definite idea of the size, the weight, or the value of things, it is not sufficient to compare them with one another. A *common measure* is necessary. For measuring *lengths* the term of comparison was originally a part of the body (foot, ell, etc.), and is now, according to the "metric system" introduced first in France, a part of the earth's circumference (the meter, kilometer, etc.). For measuring *weights*, the term of comparison chosen in the metric system is the weight of a fixed volume of distilled water. The old or original English pound was derived from the weight of 7680 grains of weight, all taken from the middle of the ears and well dried; hence "grains" form the lowest fractional parts of a pound. The standard British pound at present is a piece of platinum preserved in the office of the Exchequer, at the temperature of 62° Fahr. . . . The yard, as the standard English measure of length, is the distance between two marks on a metal rod imbedded in the masonry of the Houses of Parliament.

What a
common
measure
enables us
to do

A common measure enables us to compare *two things in different places* (which cannot be brought together for direct comparison), or to compare *the same thing at different times* in order to ascertain what changes have taken place in it. By means of the yard-measure we can compare the stature of the Lapps with that of the Patagonians, and tell exactly how much taller the latter are than the former. The same standard of comparison, if it has not been entirely forgotten, in a thousand years will enable our descendants to compare themselves with the man of to-day and ascertain whether or not mankind has decreased in stature.

How value
is measured.

In order to measure *value* it is not sufficient for us to compare two values one with another (as is done in barter), but we must take the value of some definite object as a basis of comparison. . . . It is . . . a remarkable fact that almost all civilized people have agreed in choosing as their measure of values, as their standard, the value of the precious metals, gold, silver, and copper, but especially the first two. They all use a little ingot of gold or silver, called a dollar, or pound, or franc, or rouble. To measure the value of any object, they compare it with the value of that small weight of gold or silver that serves as the monetary unit; that is to say, they try to find how many of these bits of metal must be given up for the commodity in question. If, for instance, ten are needed, they say

the commodity is worth ten dollars, or ten pounds, etc. That is its *price*.

The price of a thing is, therefore, the expression of the relation between the value of the thing and the value of a certain weight of gold or silver; or, to put it more briefly, it is its *value expressed in money*. . . .

Price
defined.

47. A provision market in a great city ¹

5

Under modern industrial conditions it often happens that the complex division of labor requires the bringing together of large numbers of laborers and other industrial agents. It is primarily because of this necessity that there have grown up in the United States great industrial cities, in which large numbers of workers coöperate with one another under the control and superintendence of business men. The products of these specialists are carried to market by various agencies of transportation, and transportation in turn brings to the city most of the food which is in demand by the various classes of the urban population. The following description of a provision market in Chicago will give some idea of the dependence of urban dwellers upon the mechanism of exchange:

Industry
tends to
concentrate
in cities.

There is a street in the city of Chicago which is only five blocks long. It is said to be one of the busiest streets in the world. The perishable produce which Chicago needs for its food is handled there every day. . . . One should picture this short, narrow street, packed with thousands of wagons and automobiles which are coming in or slowly making their way out with the loads of farm products to be distributed to the stores throughout the city. The warehouses and sidewalks are filled with the produce for the day's sales. This produce has been coming in by the carload during the night, and the street begins to be busy at an early hour in the morning — in summer at daylight, in winter before.

The prod-
uce market
in Chicago.

Each warehouse specializes in some particular class of produce. One is devoted entirely to trading in cheese. One four-story building is filled with Spanish and Bermuda onions. Another has hundreds

Here are
gathered
products

¹ From the Department of the Interior, Bureau of Education, *Lessons in Community and National Life*. Washington, 1918. Series B, pp. 34-39.

of bags of potatoes piled from floor to ceiling. These come from states as distant as New Jersey and Montana. A number of cellars of these warehouses are filled with ripening bananas from Cuba and pineapples from Porto Rico. Fruit from California and Florida is the chief stock of other warehouses. . . .

Many of the warehouses handle only fresh vegetables. These come from the truck farms around Chicago and throughout the Mississippi valley. For example, tomatoes are brought early in the spring from Mississippi, and as the season advances the supply comes from states further north. . . . In like fashion in the autumn it moves southward from Maine. The wide territory from which Chicago draws these perishable products makes it possible for the people of the city to have fresh summer vegetables at all seasons of the year. . . .

The markets which we have been describing . . . would not be possible without the labor of a great number of people, some of whom are concerned with the distribution of produce to the consumer, some with bringing the produce into the city, others with securing it at the points where it is produced. . . .

The man who comes into the most direct contact with the producer is the "buyer." . . . He goes through a producing territory, making contracts with the producers for the whole or a stated portion of their output, or buying from day to day wherever he can secure goods at satisfactory prices. He keeps in close touch with his employer, advising him by letter, telegraph, or telephone of the condition of the field and the outlook as to quantity, quality, prices demanded, and amount and character of competition from other buyers. In turn he is advised about the demand at the market and instructed as to how much to buy and what to pay. The buyer turns his purchases over to the transportation companies, who in turn deliver them to the market. . . .

Goods may arrive at the city market under other conditions. Sometimes the producer ships his products to a commission merchant, who sells them for him. Sometimes selling associations of the producers send their products to their own representatives on the market. Producers in remote regions sometimes combine their shipments and send them in carload and trainload lots to the large

from all
parts of the
country.

The
"buyer"
and his
functions.

Some ways
in which
provisions
reach
the city
market.

cities, where they are sold at public auction. The auction sale generally takes place at railroad freight yards or at steamship piers. The commodities sold by auction are usually limited to the citrus fruits from California, Florida, and foreign countries, and the deciduous fruits, such as cherries, grapes, plums, peaches, apples, and other fruits from the West and Northwest. . . .

When the goods reach the market they are handled by a number of different kinds of traders. The most familiar type is the retailer, whom everybody knows, because it is he who supplies the family with the small quantities needed from time to time. . . .

The
retailer.

48. The advantages of exchange ¹

There was formerly some discussion as to whether or not exchange were productive. It was said, for example, that exchange could benefit no one, for if an exchange is a fair one and the values of the goods exchanged are equal, there can be neither gain nor loss on either side. Sometimes, too, it was said that one party to an exchange of commodities was certain to lose, for how could anyone reap an advantage from exchange without the other party sustaining a loss? These arguments no longer carry weight, and to-day it is universally agreed that the voluntary exchange of products is generally advantageous to both parties to the exchange. The advantages of exchange are outlined by Professor Gide in the following summary:

The advantages of exchange are no longer denied.

. . . We shall state briefly the advantages of exchange from the practical point of view.

(1) Exchange enables us to utilize, in the best way possible, a large quantity of *wealth which without exchange would remain unused*. Without exchange, what would England do with her coal, California with her gold, Peru with her guano, Brazil with her chinchona bark? When analyzing the notion of wealth, we found that an indispensable condition of any object ranking as wealth was its capability of being utilized. And in order that this may be effected, the article must be conveyed, by means of exchange, to the person who is to use it — the quinine to the fever patient, the guano to the farmer, the

Exchange enables us to utilize wealth which would otherwise remain unused.

¹ From Charles Gide, *Principles of Political Economy*. D. C. Heath & Co., 1903; pp. 198-200.

coal to the manufacturer. Suppose that exchange were suppressed everywhere, and that all persons and all nations were obliged to keep all the wealth they possess. What an enormous mass of wealth would thus be condemned to remain useless, and doomed to destruction! . . .

In other words, we must regard exchange as the last of the series of productive acts that begins with invention (which is also an immaterial act) and continues throughout the whole list of agricultural, manufacturing, and transporting industries, bringing products step by step nearer to their final destination, which is to come into the possession of the persons who will use them. These steps are changes of form, changes of place, and changes of ownership — all three of which are equally indispensable to the attainment of the final result.

(2) Exchange enables us to utilize in the best way a host of *productive capacities which without exchange would remain inactive*. If there were no such thing as exchange, each man would be compelled to produce all that is necessary to supply his wants. If his wants were ten in number, he would have to ply ten different trades. Whether he did this well or not would not alter the case; he would be obliged to regulate his production *not according to his aptitudes, but according to his wants*. With the introduction of exchange, however, the state of affairs is completely changed. Everyone is then sure of obtaining by exchange just what he needs; every one, moreover, devotes himself to the production of those things which he can produce best. He regulates his production, not according to his wants, but *according to his aptitudes or his means*. Before the era of exchange, everyone was obliged to produce what he needed most; now everyone devotes himself solely to the production of whatever he can most easily produce. This is a most important and wonderful progress. . . .

It likewise enables us to utilize productive capacities which would otherwise remain inactive.

The division of labor depends upon exchange.

If there were no exchange, association and division of labor would require a previous agreement among those who are to work in harmony. What would be the use of the most perfect division of labor in an immense factory producing (let us say) hats, unless other persons were simultaneously producing food, shoes, houses, etc., to exchange for these hats? Exchange dispenses with the necessity for a preliminary agreement, and thus enables the division of labor to extend

beyond the narrow circle of the home and the workshop, and spread over the whole industrial community, reaching even to the extremes of the earth.

Under a system of exchange, each man — no matter where he may be — produces according to his natural or acquired aptitudes and according to the facilities offered by the region which he inhabits; he devotes himself entirely to one kind of labor, and always puts the same product on the market, with a certainty that the ingenious arrangements of exchange] will permit him to receive in exchange any other objects that he wants. It has often been remarked that the things which any one of us consumes in a day, are the combined result of the toil of hundreds or perhaps thousands of workers who are united one to another by invisible but none the less real bonds of association.

The results
of exchange

Questions on the foregoing Readings

1. Under what circumstances would it be uneconomical to increase the product of, say, a manufacturing plant?
2. What does Adam Smith say concerning the relation of the division of labor to the extent of the market?
3. Name some sorts of industry which can be carried on only in a large town or city.
4. Explain the relation of water-carriage to the market.
5. Why was the American market a relatively narrow one at the time that Adam Smith was studying the relation of the market to the division of labor?
6. What was the first important railway in the United States?
7. When was this railway opened to traffic?
8. Describe the first steam locomotive used by this railway.
9. What was the effect of the opening of this railway upon the exchange of products?
10. What is necessary to the effective exchange of products besides the division of labor and the development of transportation?
11. Describe the manner in which barter clogs or embarrasses the exchange of products.
12. Name some commodities which at different times, and in different countries, have been used as money.
13. Why are metals more suited to be used as money than are other commodities?
14. Give an example of how money facilitates exchange.

15. Define price.
16. What is the importance of a common measure of objects?
17. How is value measured?
18. Name an important cause of the growth of cities.
19. What is the importance to urban dwellers of an efficient provision market?
20. Describe briefly the provision market in Chicago.
21. Describe the functions of the "buyer" for this market.
22. What arguments were once advanced to prove that exchange is not a productive process?
23. Explain how exchange enables us to utilize wealth which would otherwise remain unused.
24. Explain how exchange enables us to utilize in the best way a host of productive capacities which without exchange would remain inactive.
25. What is the relation of exchange to the division of labor?

CHAPTER IX

DISTRIBUTING THE INCOME OF INDUSTRY

49. Distribution previous to the Industrial Revolution ¹

The most difficult, as well as the most important, problem in the whole field of economics is unquestionably the distribution of wealth. Ever since men began to combine in production there must have been some question as to what share of the joint product each was to get. But though the problem of distribution is an ancient one, it is only since the Industrial Revolution that it has become of overwhelming importance. As recently as colonial times, indeed, the problem was not generally of great importance, as the following description of a colonial farm will show:

The problem of distribution has become important only since the Industrial Revolution.

In colonial times there was very little trading. The roads were few and in poor condition. There were no railroads and no opportunities on many of the farms to make use of boats and water transportation. People had to be independent, that is to say, self-sufficing. The farm was not merely a place for raising live stock, poultry, grain, vegetables, and fruit; it was also a manufactory of almost everything needed in daily life. The farmer and his family produced the raw materials and also made them into useful articles.

The colonial farm was practically self-sufficing.

Generally speaking, these articles included: (1) Wearing apparel and household textile supplies; (2) household implements, utensils, furniture, necessities, and comforts; (3) farming implements, building materials, and general supplies. A few things were purchased from occasional traders who came to the farm. A few things were purchased in the towns on the infrequent visits of the farmer to the more densely settled districts. Thus the scythes were made at the forge, and only the handles were made on the farm. Saws and axes were imported from England, or later from those regions where iron

Types of articles made.

¹ From the Department of the Interior, Bureau of Education, *Lessons in Community and National Life*. Washington, 1918. Series B, pp. 17-24.

was abundant and easy to secure. Not all metal articles were imported. The soft pewter metal which went into the forks and knives could often be worked into household utensils in the domestic factory — the home. . . .

The home
manufacture
of furniture

The first settlers brought some furniture from Europe with them, but as they migrated inland it proved to be too bulky to move, so that the inhabitants of each new settlement were compelled to make within their homes such articles as tables, stools, cupboards, and bedsteads. . . .

and agri-
cultural
implements.

The farmer not only made his house and furniture from lumber, shingles, and nails of his own manufacture, but he had to make the implements with which to work his farm. These consisted of vehicles of transportation, plows, harrows, pitchforks, handrakes, shovels, ax handles, hoe handles, scythe-snaths, singletrees . . . and harness for his horse, if he chanced to have one. All manner of makeshifts were often necessary to supply some of these articles. For example, horse collars were made of corn husks; hames of crooked roots; clips, clevises, and laprings of hickory withes; ox yokes of bent hickory wood; traces and bridles of twisted deer hide, and pitchforks from forked boughs or antler horns. . . .

Other
manufac-
tures.

Besides making the implements with which to till his farm, the farmer and his boys had also to make the tools with which the products of the farm were brought into condition for use. They made their own cider mills, cheese presses, spinning wheels, flax brakes, swingling knives, wool combs, looms, and implements used in making hominy and bread. . . .

The making
of clothing
by the
farmer

The hides of animals killed for food on the farm, or of the deer, squirrels, raccoons, rabbits, beavers, and foxes shot or trapped in the woods, were used for many purposes. Deerskins were made into hunting shirts, breeches, coats, leggings, and moccasins. Gloves and mittens were made from the skins of squirrels and beavers, caps from the skins of raccoons, bears, foxes, cats, rabbits, and woodchucks. Bearskins were made into beds and bedding. From the deerskins and cowhides, moccasins, shoe-packs, and shoes were made. The preparation of the material and the making of all of these articles were done on the farm, the work being the duty chiefly of the men and boys. . . .

While the farmer and his boys were busy supplying leather clothing, and his family. the wife and daughters were manufacturing cloth to be used for wearing apparel and as household textile supplies. Cloth was made from cotton, wool, or flax. The making of these involved the preparation of the raw material for the spinning wheel and loom, and bleaching and dyeing the finished products. . . .

50. Distribution since the Industrial Revolution ¹

Under the conditions described in the preceding selection the problem of distribution was relatively unimportant. The farmer and the various members of his family coöperated in the production of many goods, yet the distribution of the joint product was an easy matter. In the first place, relatively few persons were involved. In the second place, the fact that these persons were bound together by family ties rendered easy a just and peaceable distribution of the products of their joint labor.

But since the Industrial Revolution, fewer and fewer individuals, (or small groups of individuals), have continued to be self-sufficing, and more and more persons have become involved in the complex division of labor. This change has brought many benefits, but it has also rendered more difficult the just distribution of wealth produced jointly. The problem of distribution since the Industrial Revolution is briefly outlined by Professor Carver in the following passage:

The problem of the distribution of wealth is the problem of dividing the products of the industry of the community among the various classes. The claim of each class to a share of the wealth is usually based upon the claim that each has contributed something to its production. The contribution may be labor, either mental or physical; it may be capital, or the results of foresight or investing; or it may be land which the owner has appropriated or otherwise come into possession of. . . .

We are sometimes told that most goods are socially produced. This is a rather impressionistic statement; it may do no harm, but

¹ From Thomas Nixon Carver, *Principles of Political Economy*. Ginn & Co., 1919; pp. 365, 381-383, 385.

and illustrated by an example.

it is liable to misinterpretation. It would be better to say that most goods are produced by the joint efforts of several persons. The total reward which can go to all of them cannot in the long run exceed the total value of the finished product. This must be divided among all those who have participated in its production. The price of the loaf of bread must reward all those who have had any part in its production, including the baker, the miller, the various transportation agencies, and the farmer, as well as the manufacturers of the farmer's, the baker's, and miller's tools, and so on back to the lumbermen and the miners who extracted the raw material out of which the tools were made. . . .

The division of labor is of two kinds.

The division of labor [is] of two kinds: contemporaneous and successive. We have the successive division among the farmer, the miller, the railroad, and the baker, since, one after the other, they work on the same material. We have an example of the contemporaneous division of labor in the case of the mill owner and his employees of various kinds, the farmer and his hired men, the railroad company and its employees, and so on.

The successive division of labor relatively unimportant.

The problem of distributing the price of the finished product among those who work upon the raw material in regular succession is simply a problem in the price of commodities. Thus, the reward of the farmer comes to them in the form of the price of wheat. This price must then be distributed among the contemporaneous workers on the farm, that is, the farmer himself and his hired men. The difference between the price of wheat and the price of flour and its by-products must furnish the reward for the milling group, and the difference between the price of flour and the price of bread must furnish the total reward for the baking group. All this is fairly simple and leads to no serious social problem. . . .

Difficulty of the problem with respect to the contemporaneous division of labor.

The great social problem of to-day, so far as it related to the distribution of wealth, is the problem of distributing the price of the product among the contemporaneous workers. Of the total price of wheat, how much should go to the landowner (if he is a different man from the farmer), how much to the farmer, how much to the laborer, how much to the capitalist (if he is a different man from the farmer)? Or, again, of the total spread between the price of wheat and the price of flour, which furnishes the total reward to

the milling group, how much should go to the capitalist, how much to the owner of the mill site, how much to the manager, and how much to the various types of laborers? And so on through the transportation groups and the baking groups, the difficult problem is always that of the distribution of the total earnings of the group among the contemporaneous workers within it. . . .

It simplifies the problem somewhat to classify those who take part in the contemporaneous division of labor according to the functions which they are supposed to perform. It is customary to divide them into four main classes. The first class is made up of the laborers, who work either with their hands or with their heads, and receive their share in the form of wages or salaries (for the sake of simplicity, salaries are, in this chapter included under wages); the second class is made up of the land-owners who furnish the land and receive rent; the third class is made up of capitalists, who supply the capital and receive a reward in the form of interest; and the fourth class is made up of the independent business men, who undertake to assemble all the other factors, — who take the chief risks of the enterprise, and receive whatever is left over after all the others have been paid, and call it profits. . . .

The four main classes which take part in the contemporaneous division of labor.

51. Some factors influencing rent ¹

The matter of rent has given rise to a great deal of discussion among economists. Conflicting theories have been evolved with respect to the relation of rent to wages, interest and profits. But though rent as an economic theory is involved in much dispute, at least students of the subject are agreed as to the chief factors which influence the rent of, say, agricultural land. These factors are briefly outlined by Professor Bullock in the following passage:

Rent as an economic theory has given rise to a great deal of discussion.

Rent, in the economic use of the word, is the return that is secured by the owner of any natural agent. The most common case is the rent secured from land, but the rent of water privileges, dock facilities, etc., is an income of the same sort. Natural agents are reduced to private ownership when they become scarce relatively to the demand

Rent defined and illustrated.

¹ From Charles J. Bullock, *Introduction to the Study of Economics*. Silver, Burdett & Co., 1900; pp. 399, 401.

for them. Land became private property only when nomadic peoples settled down to agricultural life, and arable land became scarce. . . .

Origin of
the rent
of land.

The income received from natural agents may be explained by considering its most common form, the rent of land. Such rent arises out of differences in the desirability of various tracts of land, due to differences in location or in natural fertility.

The influ-
ence of
fertility.

For agricultural purposes the natural fertility of land is important. Nature does much more to make some lands fertile than it does for others. Temperature and rainfall favor some lands. Some soils are far stronger than others, and can be used continually without deteriorating in the same degree. A plain has certain advantages over the slopes of a mountain, and land with a southern exposure is superior to land that slopes to the north. When land is once brought into cultivation, then the condition of the soil depends also upon the methods employed to preserve its fertility; but natural differences still remain very important.

Importance
of location.

The location of a tract of land is important in determining its desirability for any purpose whatever. Agricultural land must be accessible to the market, and the rent secured from it will depend partly upon this consideration. Land used for residence purposes will be more or less desirable according to its accessibility, its healthfulness, and the beauty of its surroundings. Land used for the location of manufacturing or commercial enterprises must, above all, be accessible to the market, to means of transportation, and to the labor supply. . . .

W

52. Some factors influencing interest¹

The pay-
ment of
interest is
no longer
considered
unethical.

In the Middle Ages some people thought that the payment of interest was unethical. One reason for so thinking was that since money is an inanimate object it cannot propagate itself in the manner that animals propagate themselves. For this reason, it was contended, a man who has loaned out \$1000 has no right to demand back any more than this amount. However, this point of view no longer prevails, and to-day we say that the payment of interest for the use of capital is not only necessary but just, for the reason that with it the

¹ From Henry Rogers Seager, *Principles of Economics*. Henry Holt & Co., 1917; pp. 269-272.

borrower is enabled to produce more goods than he could otherwise have produced. In the following passage, Professor Seager discusses some of the reasons for variations in the interest rate:

The most familiar ground for differences in the return from different investments is the presence of monopoly. The monopolist deliberately restricts the output of the monopolized product so that the returns to the capital and labor he employs exceed those to be realized in competitive industries. . . .

The effect of monopoly.

Another cause of differences in interest rates results from the danger of accidental destruction to which some capital goods are exposed. Whenever this danger may be provided against by the machinery of insurance, the difference figures simply in the larger replacement fund which must be earned in addition to current interest by the capital goods affected. In many cases the danger is too irregular and uncertain to be insured against, and the increased interest needed to attract capital into the precarious investment depends upon the temperament of investors. Conservative people will be deterred by the fear of loss from investing at all in such enterprises. More reckless and optimistic capitalists may be tempted into taking large risks by the promise of only a slightly larger return than the current rate of interest.

Risk may raise the interest rate.

In addition to the differences in rates of interest earned in different investments and by different kinds of capital goods, there are differences among different sections. Although much more readily transported to the best market than labor, capital also is timid about venturing too far from its source. Capitalists usually feel that they can better estimate the risks involved in investments near home than at a distance.

Interest rates vary among different sections of the country,

In consequence of this feeling capital tends to be concentrated in the centers where men of wealth live, and new and backward communities are able to command less than their proportionate share of the available capital equipment. Instead of there being one rate of interest on free capital in a country like the United States there are a variety of rates, ranging from the low rates found in the large cities and the manufacturing sections of the North and East to the high rates prevailing in the agricultural and mining regions of the South and West.

though such variations tend to decrease.

A variation of from two to three per cent between the rates of interest regularly charged for equally good loans by banks in New York and Arizona roughly reflects the difference in the earning power of capital goods in the two localities. As the country's banking system is perfected and different districts are brought into more intimate business relations, the supply of capital will tend to distribute itself more equally over the entire industrial field and such differences will become less marked. . . .

53. Some factors influencing wages¹

5

Social importance of the problem of wages.

A proper appreciation of the principles influencing rent and interest is an important concern of the student of economics. At least equally important is the matter of the share of the joint income of industry which goes to laborers in the form of wages. Indeed, some observers believe wages to be of more social importance than any of the other shares in distribution, first, because the wage-earners outnumber those who are primarily land-owners, capitalists or entrepreneurs, respectively; and second, because most laborers are dependent entirely upon their wages for their livelihood, while those who are primarily land-owners, capitalists, or entrepreneurs are, in a financial sense, in a less precarious position. Be this as it may, the social importance of the problem of wages cannot be denied. In the following selection Adam Smith discusses some of the factors influencing wages:

The effect of ease and cleanliness upon wages.

First, the wages of labor vary with the ease or hardship, the cleanliness or dirtiness . . . of the employment. Thus in most places, take the year round, a journeyman tailor earns less than a journeyman weaver. His work is much easier. A journeyman weaver earns less than a journeyman smith. His work is not always easier, but it is much cleaner. A journeyman blacksmith, though an artificer, seldom earns so much in twelve hours as a collier, who is only a laborer, does in eight. His work is not quite so dirty, is less dangerous, and is carried on in daylight, and above ground. . . .

Secondly, the wages of labor vary with the easiness and cheapness,

¹ From Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*. London, 1776. Book I, Chapter x, Part I.

or the difficulty and expense of learning the business. When any expensive machine is erected, the extraordinary work to be performed by it before it is worn out, it must be expected, will replace the capital laid out upon it, with at least the ordinary profits. A man educated at the expense of much labor and time to any of those employments which require extraordinary dexterity and skill, may be compared to one of those expensive machines. The work which he learns to perform, it must be expected, over and above the usual wages of common labor, will replace to him the whole expense of his education, with at least the ordinary profits of an equally valuable capital. It must do this, too, in a reasonable time, regard being had to the very uncertain duration of human life. . . .

The cost of training and education influences wages

The difference between the wages of skilled labor and those of common labor is founded upon this principle. . . . [Those desiring to become skilled laborers must first serve an apprenticeship.] During the continuance of the apprenticeship, the whole labor of the apprentice belongs to his master. In the meantime he must, in many cases, be maintained by his parents or relations, and in almost all cases must be clothed by them. Some money, too, is commonly given to the master for teaching him his trade. . . . In country labor, on the contrary, the laborer, while he is employed about the easier, learns the more difficult parts of his business, and his own labor maintains him through all the different stages of his employment.

An illustration.

It is reasonable, therefore, that in Europe the wages of mechanics, artificers, and manufacturers, should be somewhat higher than those of common laborers. . . . Education in the ingenious arts and in the liberal professions, is still more tedious and expensive. The pecuniary recompense, therefore, of painters and sculptors, of lawyers and physicians, ought to be much more liberal: and it is so accordingly. . . .

Thirdly, the wages of labor in different occupations vary with the constancy or inconstancy of employment. Employment is much more constant in some trades than in others. In the greater part of manufactures, a journeyman may be pretty sure of employment almost every day in the year that he is able to work. A mason or bricklayer, on the contrary, can work neither in hard frost nor in foul weather, and his employment at all other times depends upon

Wages vary with the constancy of employment.

the occasional call of his customers. He is liable, in consequence, to be frequently without any. What he earns, therefore, while he is employed, must not only maintain him while he is idle, but make him some compensation for those anxious and desponding moments which the thought of so precarious a situation must sometimes occasion. [Thus masons and bricklayers earn from one half more to double the wages of common laborers.] . . . No species of skilled labor, however, seems more easy to learn than that of masons and bricklayers. . . . The high wages of those workmen, therefore, are not so much the recompense of their skill, as the compensation for the inconstancy of their employment. . . .

54. Some factors influencing profits ¹

The business man stands at the helm of industry.

We have briefly considered some of the factors which influence the payment of rent to the land owner, interest to the capitalist, and wages to the laborer. We have, last of all, to notice some of the influences which help to determine the amount of profits going to the entrepreneur or business man. The business man receives the proceeds of the enterprise which he conducts, and in turn distributes the shares going to the land-owner, the capitalist and the laborers. What is left, over and above any other expenses which he may have incurred, he keeps as profits. Whether profits are large or small will depend partly upon the characteristics of the business man. The qualities of a successful business man are discussed by Professor Taussig in the following language:

Qualities necessary to success in business:

Imagination and judgment.

The business man of the first order must have imagination and judgment; he must have courage; and he must have administrative capacity.

Imagination and judgment, — these are needed for the generalship of industry. The successful business man must be able to foresee possibilities, to estimate with sagacity the outcome in the future. Especially is this necessary in new ventures; and it is in new ventures that the qualities of generalship are most called for, and the greatest profits reaped. Countless schemes for money-making are being con-

¹ From Frank W. Taussig, *Principles of Economics*. The Macmillan Co., 1915. Vol. II, pp. 163-166.

stantly urged on the business community, most of them visionary. Among them the captain of industry will pick out those that really have possibilities, will reshape and develop them, and bring them eventually to success. Sometimes he errs; there could be no great successes unless there were occasional failures; but the right sort of man has a handsome balance of profitable ventures. . . .

Courage and some degree of venturesomeness are obviously essential to the successful business man: so much follows from that assumption of risks which is of the essence of his doings. But courage and imagination and personality will not avail in the end unless there be sound judgment.

Courage
and

Executive ability is probably less rare than the combination of judgment with imagination. But it is by no means common. It calls, on the one hand, for intelligence in organization, on the other hand for knowledge of men. The work must be planned, and the right man assigned to each sort of work. The selection of efficient subordinates is of the first importance. . . .

executive
ability.

A business man almost always has to do with the physics and mechanics of industry. Every director of large enterprises must choose between competing mechanical devices, must watch the course of invention, must be in the fore with improvements. . . . In selecting among the numberless projects constantly pressed on his attention, the business man exercises one of his most characteristic functions.

Too much stress must not be laid on any enumeration of the business man's qualities. All sorts and conditions of men prove to have the qualities needed for pecuniary success, — the cautious and the daring, the sober and the enthusiastic, the loquacious and the taciturn, those given to detail and those negligent of detail. The different aptitudes appear in every kind of combination. . . . No one key opens the doors to success. . . . The variety among the men who prove to have the money-making capacity is a standing cause of wonder.

But no one
key opens
the door to
success.

Among all these different sorts of persons, a process very like natural selection is at work. To predict who has in him the qualities for success is much harder than is prediction with regard to most occupations. The aptitudes and abilities which must be possessed by one who would succeed in law, in medicine, in engineering, in

The proc-
ess of
trial among
business
men.

teaching, show themselves at a comparatively early age, and a friendly observer can often give good advice as to the choice of these professions. But the qualities that make for success in business management not infrequently develop late, or at least show themselves late and only under actual trial. Surprises are more common in this walk of life than in any other. A constant process of trial is going on. Those who have the requisites for success come to the fore, those who lack in some essential drop to the rear. . . .

Questions on the foregoing Readings

1. What is the most difficult and important problem in the field of economics?
2. Why was it necessary for the people who lived on farms in colonial times to be self-sufficing?
3. Name three classes of articles which were produced by the farmer and his family in colonial times.
4. Describe briefly the making of clothing on the colonial farm.
5. Give two reasons why the problem of distribution was not important in colonial times.
6. What, in brief, is the relation of the division of labor to the problem of distribution?
7. What is Professor Carver's definition of the problem of distribution?
8. What are the two kinds of division of labor mentioned by Professor Carver?
9. In connection with which of these is the problem of distribution most important?
10. Into how many classes is it customary to classify those who take part in the contemporaneous division of labor?
11. Define rent.
12. Explain the importance of fertility in agricultural land.
13. Explain the importance of location with respect to land values.
14. What was one reason why some people formerly objected to the payment of interest?
15. What is the most familiar ground for differences in the return from different investments?
16. What is the relation of interest to the danger of accident?
17. Explain why the interest rate is different in different sections of the United States.
18. Why is the question of wages considered by some persons as being of more social importance than the question of rent or interest?

19. What examples does Adam Smith give to show that wages may vary with the ease or hardship, cleanliness or dirtiness, of work?
20. Explain the principle upon which is founded the difference between the wages of skilled labor and those of common labor.
21. What does Adam Smith mean by saying that the wages of labor in different occupations vary with the constancy or inconstancy of employment?
22. Explain the relation of imagination and judgment to success in business.
23. Is executive ability common or uncommon in business? Explain.
24. To what extent is a business man concerned with the physics and mechanics of industry?
25. Why should we not place too much stress upon any enumeration of the business man's qualities?

CHAPTER X

BASES OF THE CAPITALISTIC SYSTEM

55. The evolution of private property ¹

Nature of
the capi-
talistic
system.

We are accustomed to speak of capitalism as constituting an industrial "system." The term "system" is thus applied because capitalism not only exhibits a considerable regularity of outline, but in addition shows a strong tendency to function in conformity with the basic laws of economics. The capitalistic system, as it may be called, is based upon certain fundamental institutions and principles. Of these bases of capitalism, the right of private property is one of the oldest and most important. The evolution of private property is described by Professor Gide in the following passage:

The begin-
nings of
private
property.

At the present time all wealth that can be appropriated — which excludes the air, the sea, running waters — may become the object of private property rights. In civilized communities almost all wealth constitutes some one's private property. This, however, has not always been the case. There was a time when the scope of private property was confined to a few objects. There is no doubt that at first it comprised only those kinds of wealth that in civilized countries have long ago ceased to be the object of property rights, namely, slaves and women. It also included objects of immediate personal use, — such as jewels, weapons, horses, — the individual ownership of which was evidenced by the custom of burying them with their owner. . . .

Extension
of property
rights.

Later, property came to include the home, — not as individual property, but as family property, — because the home was the abiding place of the household gods, and these gods belonged to the family. Still later, it extended to a portion of the land. . . .

Different kinds of property have successively played a dominant

¹ From Charles Gide, *Principles of Political Economy*. D. C. Heath & Co., 1903; pp. 430-436.

part in the history of mankind. Among pastoral tribes, cattle is the most important property; under feudalism, land; and in the era of steam, coal mines. Private property has, in our own times, been extended to a multitude of new objects of which our ancestors knew nothing. Among these are: (1) So-called invisible property; that is, credit claims or shares in the stock of industrial enterprises, represented by mere pieces of paper that can be slipped into a pocket-book, and which to-day constitute a most convenient and desirable kind of wealth; (2) works of literature, science, and art, which have become the object of property rights under the name of copyrights and patents. . . .

So far as we can conjecture, the order in which the right of private property successively acquired its essential attributes was as follows:

(1) Probably the first property right was that of *exploiting* one's possessions, that is, making them yield something for the owner by means of the labor of others, — formerly by the labor of slaves, and subsequently by the labor of free wage-workers (employees). . . .

(2) The right of *gift*, at least in the case of movable objects, seems to have been one of the oldest ways of making use of wealth and anterior even to the right to sell. . . .

(3) The rights to *sell* and to *rent* seem to have sprung up much later. In the fourth century before Christ, Aristotle declared that these were necessary attributes of the right of property; but he does not seem to imply that they were generally recognized at that time. In fact, there are many reasons why they should not have been recognized. As long as property was vested in the family and bore the imprint of religious consecration — and this was the marked characteristic of antique property — the transfer of ownership was not sanctioned; at all events, it constituted an act of impiety on the part of any member of the family. Moreover, exchange and the division of labor did not yet exist; each family sufficed unto itself; movable objects of property were few in number. Hence every one kept these objects permanently; sometimes they were buried with the owner. Under these circumstances, sale could be regarded only as an exceptional and abnormal act. Accordingly, when sale is first introduced, we find it solemnized by extraordinary ceremonies, and partaking of the nature of a public event. . . .

Order in which the attributes of private property may have been acquired: The right to exploit, the right of gift,

the right to sell or rent,

and the
right to
bequeath.

(4) The right to *bequeath*, which has always been regarded as the most important attribute and the crowning feature of the right of property. . . . [This attribute] was even slower in becoming a part of the right of property. This right, moreover, came into conflict with the right of family inheritability, to which we have already referred; and it obviously could not have been recognized until property had entirely lost its family character and become thoroughly individual. There is reason to believe that even at Rome, where individual property was ultimately so vigorously developed, the father of the family did not have the right to bequeath until the establishment of the Law of the Twelve Tables (450 B.C.). . . .

When the right of property has acquired these four characteristics, it may be regarded as complete. . . .

56. Types of business contracts ¹

W

The con-
tract and
its purposes.

Another important basis of capitalism is the obligation to fulfill contracts entered into voluntarily and in legal form. The complex division of labor has obliged the average individual to rely upon others for numerous goods and services which he does not find it possible or economical to supply for himself. Now, if individuals are to rely upon one another, it often becomes necessary for them to enter into definite agreements or contracts. The chief purposes of the contract are to render clear and definite the terms of such agreements, and to protect responsible persons against the carelessness or dishonesty of the other parties to the contract. Because of the vital importance of contracts, all civilized countries have enacted laws which oblige persons to live up to the terms of contracts which they have agreed to voluntarily and in legal form. The following excerpts from a textbook on business law explains some of the more brief and simple forms of contracts:

Contracts
may be
oral or
written.

In ordinary business, most contracts may be oral in form, that is, by word of mouth. Such contracts are just as binding in law as if written in full. But with oral contracts mistakes are common and misunderstandings are numerous. They are always more or less

¹ From Coleman Hall Bush, *Applied Business Law*. Henry Holt & Co., 1920; pp. 120, 121-125.

difficult to prove in court. Therefore, to avoid misunderstandings and to make proof certain, all important contracts should, whether required by law or not, be in writing. . . .

The first essential of any contract is the presence of competent parties, and the second is the mutual agreement of these parties. Agreement arises from a meeting of the minds, or an assent to the same thing and in the same sense, and it must be with an intention of being bound by the obligation of the contract. The third essential is that the agreement must be free from fraud, mistake, or duress. Fourth, it must be based upon sufficient cause, price, or consideration, (fifth) to accomplish a lawful purpose. The sixth and last essential of a written contract is that it must be clearly stated. . . .

The six essentials of a contract.

Contracts arise from agreement, and agreements originate in some form of offer and acceptance. In oral contracts the offer and acceptance are by word of mouth; after the agreement is reached it may be reduced to writing, thus forming a written contract. Agreements may also be reached by correspondence. Where the negotiations are in this form, the agreement of the parties and the written form of the contract originate at the same time. A written offer followed by an acceptance in writing . . . results in a contract; these writings constitute the evidence of the agreement, and are, in fact, the written contract.

How contracts arise.

Examples — 1. Oral offer and oral acceptance

"I will sell you that cow for \$500, and deliver her at your place not later than May 3d," said *O* to *B*, as he pointed out a cow in his dairy herd.

An oral contract.

"Agreed," replied *B*, "I will take her at that price, and make payment on delivery."

This oral agreement may be reduced to writing; if so, it will be somewhat as follows:

The oral contract reduced to writing.

"THIS AGREEMENT between *O* and *B*, both of Cowlitz, Oregon, witnesseth:

"That *O*, in consideration of the agreement of *B*, contracts to sell and deliver to *B* one full-bred Jersey dairy cow, registered and known as 'Jersey Lil,' the delivery to be made on or before May 3d, 1919, at the dairy farm of *B*.

"That in consideration of the agreement of *O*, *B* agrees to pay to *O* the sum of Five Hundred Dollars, at the time of the delivery of the above described cow, this sum being in full payment of the purchase price.

"IN WITNESS WHEREOF, we have hereunto subscribed our names, this 4th day of February, 1919."

"(Signed).....*O*....."

"(Signed).....*B*....."

An agree-
ment
reached by
means of
letters.

2. *Agreement reached by means of letters*

Offer

TROY, MINNESOTA, February 3, 1919.

John Doe,
Home Place.

Dear Sir:

I will sell you one hundred bushels of select seed wheat, No. 1 Dura, delivered at your farm for four dollars a bushel.

Upon receipt of your letter of acceptance, I will consider the contract closed, and deliver as you may direct.

Yours truly,

RICHARD ROE.....

Acceptance

HOME PLACE, February 4, 1919.

Richard Roe,
Troy, Minn.

Dear Sir:

I accept your offer of one hundred bushels of select seed wheat, No. 1 Dura, at four dollars a bushel, to be delivered at my place. March 4, 1919.

Yours very truly,

JOHN DOE.....

... The foregoing letters constitute a valid written contract, and taken together, contain all the essential elements of a valid contract.

57. The forms of competition ¹

The basis
of compe-
tition.

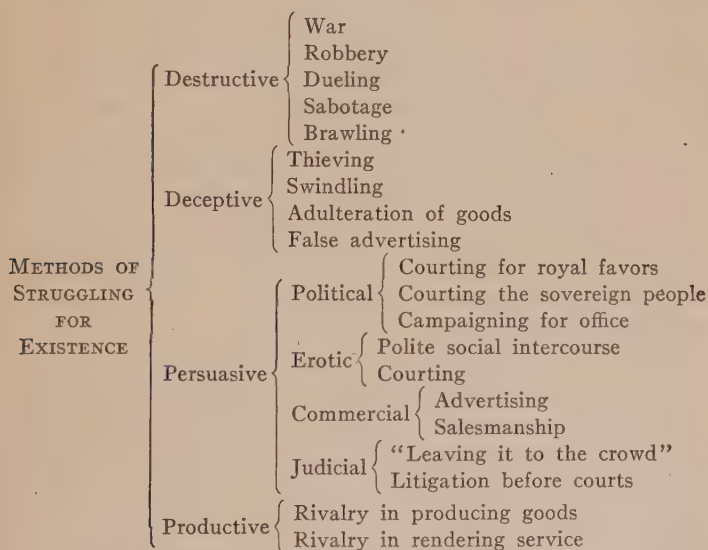
It has often been pointed out that desirable goods and services are scarce, that is to say, their supply is small relatively to the de-

¹ From Thomas Nixon Carver, *Principles of Political Economy*. Ginn & Co., 1919; pp. 37-42.

mand for them. And because there are not enough goods and services to go around, men compete for them. Professor Carver has enumerated the various ways in which men may compete with one another, and has pointed out that capitalism attempts to shunt individuals into the most useful form of competition, *i.e.* productive competition. The relation of this to other forms of competition he explains in the following passage:

The forms of conflict, or the methods of struggling for existence, may be classified as follows:

Professor Carver's diagram of the forms of conflict.



... It will be apparent to anyone who will study the diagram that among animals the destructive and deceptive methods are the characteristic forms of struggle. They kill, maim, injure, rob and deceive one another with no moral or legal restraints. They may sometimes rise to the level of persuasion, as in the courting process, but never to the level of production; that is, no animal ever tries to beat its rival by producing a larger or better product or rendering a greater or better service. Among human beings who have no moral sense, and who are unrestrained by law and justice, the destructive and deceptive methods of struggle will be followed, as well as the

Competition among the lower animals compared with competition among men.

persuasive and productive methods; but the destructive and deceptive methods are precisely the things that morals and laws are designed to prevent. In any civilization worthy of the name, and under any government worthy to stand overnight, men are actually restrained by their own moral feelings, by the respect for the good opinions of their fellows, and by the fear of legal penalties, from attempting to promote their own interests by destruction or deception. . . .

Significance
of competi-
tion.

During the entire life of man on this planet he has had to struggle in one way or another. The reason why we are here to-day is because our ancestors were successful in their struggles. . . . One reason why they struggled so successfully was that they were valiant enough to wage their fight with vigor and with spirit. That spirit we have inherited to such an extent that we cannot even amuse ourselves without some kind of competition or struggle. It is as the breath of life to our nostrils. It will be well for us if we can harness this spirit to productive work rather than allow it to waste itself in destruction, deception, or even in some fruitless kinds of persuasion. The nation which succeeds best in so harnessing this spirit to production is the nation which should normally grow rapidly in wealth, prosperity, and power. . . .

Friendly
competition
is possible.

In assuming the universality and permanence of competition in some form it is not necessary to exclude such things as love, friendship, neighborliness, and coöperation. Competitors in a friendly game may be none the less friendly because they are competing. It is only when they care more for victory or the prize of victory than they do for friendship that there is any conflict between competition and friendship. The cure for this, however, is not the abolition of competition, but the learning to care for the right things and to evaluate things properly. . . .

58. Kinds of economic freedom ¹

The growth
of economic
freedom.

The citizens of modern industrial countries are so accustomed to a large measure of economic freedom that this type of liberty is generally taken as a matter of course. And yet it is only a few centuries ago that business was impeded and repressed by numerous

¹ From Edwin R. A. Seligman, *Principles of Economics*. Longmans, Green & Co., 1905; pp. 165-170.

laws and regulations. In the Middle Ages, for example, the industrial activities of the individual were relatively restricted. After that period, however, economic freedom developed rapidly, until to-day it is one of the dominant characteristics of capitalistic industry. The various kinds of economic freedom are described by Professor Seligman in the following language:

(1) The first and most obvious form of freedom is that of marriage and divorce. . . . Freedom of marriage especially is a product of the modern economic life. Restrictions on the right of marriage were in the Middle Ages an attribute of personal subjection, and were utilized as fiscal resources by the lord. Even with the advent of physical freedom, however, we find the right of marriage dependent on certain property qualifications, as in Southern Germany at the beginning of the nineteenth century. This also was merely a survival of aristocratic traditions, — like the still existing property qualifications for marriage in the case of army officers in continental Europe. . . .

The freedom of marriage and divorce.

(2) Next we have freedom of movement. In the Middle Ages the right of internal migration was often restricted. Under the settlement laws in England, for instance, it was virtually impossible for a workman to leave his native parish. In modern times the growth of freedom has brought the right not only of internal but of international migration. . . .

Freedom of movement.

(3) We come next to the freedom of occupation. The right of choosing one's profession was in former times hedged in by all manner of barriers. At its worst the system of caste and custom prevented progress because it put men into vocations for which they were not fitted. Freedom of occupation insures as far as possible the right man for the right place, and this leads to enhanced production and better distribution. The only restriction which modern society permits is the evidence of fitness, in those occupations where incompetence would imply irresponsibility and involve injury to others as well as to oneself. The certificates required from doctors, dentists, engineers, plumbers, pilots and the like are not a hindrance, but an aid, to true liberty. . . .

Freedom of occupation.

(4) Another kind of freedom is the freedom of association. The chief forms of association for economic purposes are combinations

Freedom of association.

of labor and combinations of capital. . . . Even after the right of political and religious association had been won, however, combinations of labor were prohibited. Under the modern factory system such combinations have assumed the form of trade unions. It was not until 1824 in England, and considerably later in America and continental Europe, that the prohibition was removed. The legitimacy of union, as such, is now accepted because it is recognized that it tends to secure the real freedom of the laborer. . . . In the same way the right of free association of capital in the form of corporations and other combinations has been acquired chiefly in the past half-century. . . .

Freedom of
consumption.

(5) The fifth category, freedom of consumption, needs only a word. . . . [When in modern society] it becomes desirable in the interests of the public health or safety to prohibit the use of certain commodities, like over-ripe fruit, or infected meat, or opium, the end is attained far better by a prohibition of sale, under the police power of the state, than by a restriction of consumption.

Freedom of
production.

(6) We come, sixthly, to freedom of production, including freedom of contract and enterprise. . . . The complex requirements of modern life have necessitated a governmental regulation of many business enterprises in behalf of producers, of consumers, of investors or of the general public. The difference between medieval and modern interference is to be found chiefly in the fact that the one sought to prevent competition, while the other endeavors to enlarge its domain and to raise its level. The only exception to the rule that rational modern interference is not designed to prevent competition is found in those few cases where competition itself becomes wasteful and inefficient. The modern aim, however, is always to increase liberty through the attainment of equality and responsibility. Factory laws give the operatives a fair chance; railway regulation attempts to secure equal treatment of shippers; supervision of banks, insurance companies and other corporations is designed to enforce financial responsibility. In all these cases interference is justified only as leading to a surer and greater general liberty. We have to deal with the positive, not the negative, conception.

Freedom of
trade.

(7) Finally, we have freedom of trade. This is virtually included under the last head, since trade is a species of production. . . .

59. Production in anticipation of demand¹

Men engage in economic production in order to satisfy human wants, that is to say, because they anticipate that the goods being produced will later be in demand, either by themselves or by others. Even among savages, production pays attention to the probable future demand, but it is in modern industry that this anticipation of wants assumes its greatest significance. This is discussed by Professor Clay as follows:

Production anticipates demand.

We enter a shop, pay ten shillings, and a shirt is given to us. The shirt is the product of the labor of hundreds of people, the materials of which it is made were drawn from two or three continents, the machinery required to make it took months to construct; yet we get the shirt without waiting. For us to get it the shopkeeper must have stocked shirts, for him to do so the wholesaler with whom he deals must have stocked shirts, for the wholesaler to do so some one must have manufactured shirts, some one have manufactured the flannel from which they are made and the thread with which they are sewn, and further back still, some one must have made the machinery with which all these manufacturers work. That is to say, in anticipation of our want of a shirt, a complex organization must have been at work for months and perhaps years before we announced our want. . . .

An example.

We bought a woollen shirt; suppose we had wanted a cotton one. The retailer would probably have been able to supply us. The demand for the different kinds of shirts is fairly steady, and it is the retailer's business to know what to stock. But multiply our case a thousandfold, and suppose he has not anticipated our wants so exactly. What is the result then? First, he has woollen shirts which are not wanted, and all the series of people behind the counter, who have been contributing to the making of his woollen shirts, have been making something which, as it happens, is not the thing wanted. Secondly, the shopkeeper, being unable to sell woollen shirts, orders fewer, and this check to the demand for woollen shirts is transmitted right through to the people who grow wool and make woollen-working machinery.

The example extended.

¹ From Henry Clay, *Economics for the General Reader*. The Macmillan Co., 1917; pp. 68-71.

Meanwhile, we, in our determination to get a cotton shirt, leave the shop and go elsewhere for it, and the shopkeeper telegraphs to his wholesaler for a supply of cotton shirts at the same moment as we at another shop are asking for a cotton shirt. Imagine a thousand people acting as we are acting, and the people whose business it is to supply cotton shirts will get the impression that there is going to be an increased demand for cotton shirts and will place their orders accordingly. . . .

Why production in anticipation of demand is inevitable.

Production is carried on in anticipation of demand. This is inevitable if we are to avail ourselves of the economies of specialization, since specialization *takes time*. When we purchased the woollen shirt we were getting goods from the Australian sheep farmer, from the American cotton grower, from a whole host of machine-makers, builders, transport workers and others, who could not possibly have known of our existence nor anticipated for themselves what we should want.

Again, all the processes of manufacture must be carried on simultaneously. The growing of the wool, the spinning, the weaving, the shirt-making, and the distributing by merchants and shopkeepers must be going on continuously and simultaneously, or a large number of people and a large amount of capital would be unemployed. . . .

The process of anticipating demand involves risk.

Production is carried on *ahead* of demand on an *estimate* of it. Working on an estimate necessarily involves the risk of loss when a wrong estimate has been made, and every class in the community has to some extent to meet this risk and bear a share of this loss. The consumer suffers because he does not get what he wants, or has to pay a high price for what he wants; the worker suffers because his specialized skill may suddenly lose its value.

This risk borne chiefly by the entrepreneur.

But the chief risk is borne by the class of organizers. . . . They take the first and chief loss if something is made which turns out not to be wanted. This is so because they have paid for the making of the thing before they could find out that it is not wanted; in return, they take the profit if their estimate of what is wanted turns out to be correct, so that they are able to offer the public just what it wants and is willing to pay for it handsomely. . . . The French term for the person who [thus] organizes production [is] entrepreneur, which implies undertaking production for the market with its attendant risks.

60. The inequality of wealth ¹

The business of the world is carried on chiefly under the capitalistic system. The outstanding merit of this system is that it has greatly increased the amount of consumable goods in existence, and at the same time has markedly decreased the cost of production of the necessities of life. But the development of the capitalistic system has likewise brought with it serious evils. Of these evils the most important, at least from the social standpoint, is the inequality of wealth. In the following passage Professor Taussig has attempted to summarize this important but difficult subject:

Capitalistic development has been accompanied by the inequality of wealth.

The overshadowing fact in the distribution of property and income is inequality. How great is the inequality, and what are its causes?

Questions to be answered.

In view of the enormous interest of this topic, the meagerness of our information is surprising. Statistics based on income tax returns supply data that may be considered accurate; but they exist for a few countries only. . . . For most countries, including the United States, we have no precise information whatever.

Lack of data.

Nevertheless, familiar observation, supported and supplemented by such figures as we have, suffices not only to assure us of the fact of inequality, but to show its general range and character. We know that the number of the rich is very small; that the number of persons who are well-to-do and comfortable, though considerably larger, is still small; and that the persons with slender incomes are the most numerous of all. With only one exception of importance . . . distribution, both of wealth and income, has a form roughly pyramidal. To put the analogy more carefully, its form is like that of an inverted peg top, — the lowest range small, then a very large extension, and thereafter steady shrinkage as the highest point is approached. . . .

Distribution has a form like that of an inverted peg top.

Such are the broad facts as to inequality. How are they to be explained? . . .

The causes of inequality are reducible to two, — inborn differences in gifts, and the maintenance of acquired advantages through environment and through the inheritance of property. The origin of in-

The two causes of inequality:

¹ From Frank W. Taussig, *Principles of Economics*. The Macmillan Co., 1915. Vol. II, pp. 238, 246-248.

equality is to be found in the unequal endowments of men; its perpetuation in the influence of the inheritance both of property and opportunity, and also in the continued influence of native ability transmitted from ancestor to descendant.

(1)
Inborn
differences
in gifts, and

No doubt at the outset all differences arose from the inborn superiority of some men over others. The savage chief excels his fellows in strength and in cunning. Throughout history the strong and able have come to the fore. They continue to do so in the peaceful rivalry of civilized communities. In our present society, the differences in wages — that is, in the incomes from all sorts of labor — are the results, in large degree at least, of differences in endowments. . . .

(2)
the main-
tenance of
acquired
advantages.

But at a very early stage in the development of society, this original cause of difference is modified, often thrust aside, by the perpetuation of established advantages. . . . In the supposedly free and competitive society of modern times, advantage still tends to maintain itself. It does so in two ways, — through the influence of environment and opportunity, and through the inheritance of property. Environment and opportunity have already been considered. . . .

Importance
of inherit-
ance.

More important, however, is the direct inheritance of property. Its influence is enormous. Obviously, this alone explains the perpetuation of "funded" incomes, — those derived from capital, land, income-yielding property of all sorts, — and so explains the great continuing gulf between the haves and the have-nots. It serves also to strengthen all the lines of social stratification, and to reinforce the influences of custom and habit. Persons who inherit property inherit also opportunity. They have a better start, a more stimulating environment, a higher ambition. They are likely to secure higher incomes, and to preserve a higher standard of living by late marriages and few offspring. . . .

An ex-
ample: the
money-mak-
ing business
man.

Nothing illustrates so fully the combined influence of inborn gifts, of property inheritance, of perpetuated environment, as the position of the person dominant in modern society, — the money-making business man. In the first stages of any individual business man's career, the possession of means counts for much. After the initial stage, native ability tells more and more. By whatever ways he gets his start, the leader of industry prospers and accumulates: and, as he accumulates, is again favored more and more by large

possessions. When he dies, he leaves a trail of descendants, who perhaps inherit ability and almost certainly inherit property. With property they inherit a new environment and new opportunities. It may indeed happen that the property will be dissipated through lack of thrift or judgment, or subdivided among heirs into minute portions. But neither of these results is probable; and even if they occur, the descendants have ambitions and surroundings very different from those of the poorer class from which the ancestor may have sprung. In every way inequalities, even through they arise at the outset without favor, tend to be perpetuated by inheritance and environment.

Questions on the foregoing Readings

1. Why is capitalism said to constitute an industrial system?
2. What were probably the earliest forms of private property?
3. What form of property is important among pastoral peoples?
Under feudalism? In the era of steam?
4. Trace briefly the order in which the right of private property probably acquired its essential attributes.
5. When may the right of private property be regarded as complete?
6. Why are contracts necessary in modern industry?
7. Name two forms of contracts.
8. What are the six essentials of a contract?
9. Explain how a contract may arise by word of mouth.
10. Explain how a contract may arise by correspondence.
11. Why do men compete for goods and services?
12. Under what general heads has Professor Carver classified the methods of struggling for existence?
13. What can be said as to the universal nature of competition?
14. Why do we tend to take economic freedom as a matter of course?
15. Outline briefly the seven kinds of economic freedom described by Professor Seligman.
16. Which of these appears to you to be the most important from the standpoint of national prosperity? Which least important?
17. What is the aim of modern governments, with respect to interfering with competition?
18. Under what conditions does the anticipation of wants assume its greatest significance?
19. Why is an individual generally able to go into a shop and purchase a shirt, without having to wait for that shirt to be made?

20. What class assumes the chief risk in estimating the future demand for goods?
21. What is the outstanding merit of capitalism?
22. What, from the social standpoint, is the most serious evil which has accompanied the development of capitalism?
23. What does Professor Taussig mean by saying that the distribution of wealth and income has a form like that of an inverted peg top?
24. What are the two causes of the inequality of wealth?
25. Illustrate the influence of these causes with respect to the position of the "money-making business man."

b. PROGRAMS OF INDUSTRIAL REFORM

CHAPTER XI

SINGLE TAX

61. The persistence of poverty in modern life ¹

By single tax is meant a policy under which all public revenue is to be raised by a single tax on land value. Land value is defined as the value of the land itself, irrespective of all improvements. This means that land value includes only two elements: location value and fertility value. The basic idea of the single tax is an old one, but the modern single tax movement owes its origin to the activities of an American reformer, Henry George. In 1879 George published a remarkable book, *Progress and Poverty*, in which he expounded his doctrine. In the following extract from *Progress and Poverty*, George points out that in spite of the progress of the world, poverty persists:

The single tax defined.

Henry George.

In every direction, the direct tendency of advancing civilization is to increase the power of human labor to satisfy human desires — to extirpate poverty, and to banish want and the fear of want. . . . The growth of population, the increase and extension of exchanges, the discoveries of science, the march of invention, the spread of education, the improvement of government, and the amelioration of manners, considered as material forces, have all a direct tendency to increase the productive power of labor — not of some labor, but of all labor; not in some departments of industry, but in all departments. . . .

The productive power of labor has steadily increased,

But labor cannot reap the benefits which advancing civilization thus brings, because they are intercepted. Land being necessary to labor, and being reduced to private ownership, every increase in the productive power of labor but increases rent — the price that labor must pay for the opportunity to utilize its powers; and thus all the advantages gained by the march of progress go to the owners

but wages do not increase

¹ From Henry George, *Progress and Poverty*. Appleton & Co., New York, 1879. Book v, Chapter II.

of land, and wages do not increase. Wages cannot increase; for the greater the earnings of labor the greater the price that labor must pay out of its earnings for the opportunity to make any earnings at all. . . .

because
labor is de-
prived of
its fruits.

And thus robbed of all the benefits of the increase in productive power, labor is exposed to certain effects of advancing civilization, which, without the advantages that naturally accompany them, are positive evils, and of themselves tend to reduce the free laborer to the helpless and degraded condition of the slave. . . .

This con-
dition
universal.

Look over the world to-day. In countries the most widely differing — under conditions the most diverse as to government, as to industries, as to tariffs, as to currency — you will find distress among the working classes; but everywhere that you thus find distress and destitution in the midst of wealth you will find that the land is monopolized; that instead of being treated as the common property of the whole people, it is treated as the private property of individuals; that, for its use by labor, large revenues are extorted from the earnings of labor. . . .

N

62. The remedy proposed by Henry George¹

George
rejects a
number of
proposed
remedies for
poverty,
and pro-
poses the
"true
remedy,"

After pointing out that poverty persists despite the progress of the world, George discusses six of the remedies for poverty which were advocated in his day. These are (1) greater economy in government; (2) the education of the working classes and dissemination of the principles of thrift; (3) the trade union movement; (4) "the coöperation of labor and capital"; (5) governmental regulation of industry; and (6) a more general distribution of land. After a short discussion of these so-called remedies for poverty, he concludes that all of them are either "inefficacious or impracticable." He then announces as "the true remedy" for poverty the abolition of private property in land. He continues the discussion in the following language:

We have reached this conclusion by an examination in which every step has been proved and secured. In the chain of reasoning

¹ From Henry George, *Progress and Poverty*. Appleton & Co. Book VI, Chapter II. Book VII, Chapter I.

no link is wanting and no link is weak. Deduction and induction have brought us to the same truth — that the unequal ownership of land necessitates the unequal distribution of wealth. And as in the nature of things unequal ownership of land is inseparable from the recognition of individual property in land, it necessarily follows that the only remedy for the unjust distribution of wealth is in making land common property. . . .

which consists in making land common property.

The institution of private property . . . [in land] cannot be defended on the score of justice. The equal right of all men to the use of land is as clear as their equal right to breathe the air — it is a right proclaimed by the fact of their existence. For we cannot suppose that some men have a right to be in this world and others no right.

The institution of private property in land is unjust.

If we are all here by the equal permission of the Creator, we are all here with an equal title to the enjoyment of His bounty — with an equal right to the use of all that Nature so impartially offers. This is a right which is natural and inalienable; it is a right which vests in every human being as he enters the world, and which during his continuance in the world can be limited only by the equal rights of others. . . .

Arguments advanced

There is on earth no power which can rightfully make a grant of exclusive ownership in land. If all existing men were to unite to grant away their equal rights, they could not grant away the right of those who follow them. For what are we but tenants for a day? Have we made the earth, that we should determine the rights of those who after us shall tenant it in their turn? The Almighty, who created the earth for man and man for the earth, has entailed it upon all the generations of the children of men by a decree written upon the constitution of all things — a decree which no human action can bar and no prescription determine. Let the parchments be ever so many, or possession ever so long, natural justice can recognize no right in one man to the possession and enjoyment of land that is not equally the right of all his fellows. . . .

in support of this view.

The recognition of individual proprietorship of land is the denial of the natural rights of other individuals — it is a wrong which *must* show itself in the inequitable division of wealth. For as labor cannot produce without the use of land, the denial of the equal right to the

Basic cause of the unequal distribution of wealth.

use of land is necessarily the denial of the right of labor to its own produce. . . . To this fundamental wrong we have traced the unjust distribution of wealth which is separating modern society into the very rich and the very poor. . . .

63. Results claimed for the single tax¹

73

Nature of
the single
tax, as
proposed
by George.

After advancing arguments to substantiate his claim that the private ownership of land is unjust, George next considers the best means of applying his "remedy." His proposal is to allow individuals to retain possession of "their" land, but to confiscate land value by taxation. He further proposes to abolish all other taxes, thus making the tax on land value a single tax. This single tax is to take all land value for the benefit of the community, and is to be the source of all public revenue. George advanced the following claims for the single tax:

The single
tax would
encourage
production,

To abolish the taxation which, acting and reacting, now hampers every wheel of exchange and presses upon every form of industry, would be like removing an immense weight from a powerful spring. Imbued with fresh energy, production would start into new life, and trade would receive a stimulus which would be felt to the remotest arteries. . . . All would be free to make or to save, to buy or to sell, unfined by taxes, unannoyed by the tax-gatherer. Instead of saying to the producer, as it does now, "The more you add to the general wealth the more shall you be taxed!" the state would say to the producer, "Be as industrious, as thrifty, as enterprising as you choose, you shall have your full reward! You shall not be fined for making two blades of grass grow where one grew before; you shall not be taxed for adding to the aggregate wealth." . . .

render
possible a
more equal
distribution
of wealth,

[The single tax would also have a desirable effect upon the distribution of wealth.] . . . If it went so far as to take in taxation the whole of rent, the cause of inequality would be totally destroyed. Rent, instead of causing inequality, as now, would then promote equality. Labor and capital would then receive the whole produce, minus that portion taken by the state in the taxation of land

¹ From Henry George, *Progress and Poverty*. Appleton & Co. Book ix, Chapters I, II, and IV. Book VIII, Chapter II.

values, which, being applied to public purposes, would be equally distributed in public benefits.

That is to say, the wealth produced in every community would be divided in wages and interest between individual producers, according to the part each had taken in the work of production; the other part would go to the community as a whole, to be distributed in public benefits to all its members. In this all would share equally — the weak with the strong, young children and decrepit old men, the maimed, the halt, and the blind, as well as the vigorous. . . .

[The single tax would work great improvements in social organization and social life.] Noticeable among these is the great simplicity which would become possible in government. To collect taxes, to prevent and punish evasions, to check and counter-check revenues drawn from so many distinct sources, now make up probably three-fourths, perhaps seven-eighths of the business of government, outside of the preservation of order, the maintenance of the military arm, and the administration of justice. An immense and complicated network of governmental machinery would thus be dispensed with.

In the administration of justice there would be a like saving of strain. Much of the civil business of our courts arises from disputes as to ownership of land. These would cease when the state was virtually acknowledged as the sole owner of land, and all occupiers became practically rent-paying tenants. . . . The rise of wages, the opening of opportunities for all to make an easy and comfortable living, would at once lessen and would soon eliminate from society the thieves, swindlers, and other classes of criminals who spring from the unequal distribution of wealth. Thus the administration of the criminal law, with all its paraphernalia of policemen, detectives, prisons, and penitentiaries, would, like the administration of the civil law, cease to make such a drain upon the vital force and attention of society. We should get rid, not only of many judges, bailiffs, clerks and prison keepers, but of the great host of lawyers who are now maintained at the expense of producers; and talent now wasted in legal subtleties would be turned to higher pursuits. . . .

All this simplification and abrogation of the present functions of government would make possible the assumption of certain other

improve
government,

facilitate
the adminis-
tration of
civil and
criminal
law,

allow an
extension of

functions which are now pressing for recognition. Government could take upon itself the transmission of messages by telegraph as well as by mail; of building and operating railroads, as well as of opening and maintaining common roads. . . .

numerous
public
services,

There would be a great and increasing surplus revenue from the taxation of land values, for material progress, which would go on with greatly accelerated rapidity. . . . This revenue arising from the common property, could be applied to the common benefit. . . . We could establish public baths, museums, libraries, gardens, lecture rooms, music and dancing halls, theatres, universities, technical schools, shooting galleries, play grounds, gymnasiums, etc. Heat, light, and motive power, as well as water, might be conducted through our streets at public expense; our roads be lined with fruit trees; discoverers and inventors rewarded, scientific investigations supported; and in a thousand ways the public revenues made to foster efforts for the public benefit. . . .

and, in
summary,
would
carry civili-
zation to
yet nobler
heights.

[In summary the application of this remedy to the problem of poverty would] raise wages, increase the earnings of capital, extirpate pauperism, abolish poverty, give remunerative employment to whoever wishes it, afford free scope to human powers, lessen crime, elevate morals, and taste, and intelligence, purify government and carry civilization to yet nobler heights." . . .

64. The case for the single tax¹

The single
tax doctrine
has attracted
world-wide
attention.

The doctrine of single tax, as expounded by Henry George, has attracted the attention of social reformers the world over. Thousands of articles, pamphlets and books have been written upon the subject. The doctrine has been lauded by a small group, condemned outright by a larger group, and accepted in part by a considerable number of thinking people. The following extract from the *Debaters' Handbook Series* gives in compact form the various arguments which have been advanced in favor of an acceptance of the doctrine of single tax:

¹ From the *Debaters' Handbook Series, Selected Articles on Single Tax*. Compiled by Edna D. Bullock. The H. W. Wilson Co., White Plains, New York, 1915; pp. xiii-xvi.

All public revenue should be raised by a single tax on land values, because

Affirmative arguments:

I. The present national, state, and local taxes are fundamentally defective, for

Defects of our present tax system.

A. They are taxes on industry and improvements, and industry and improvements should not be taxed, for

1. Taxes falling on the products of labor discourage their production.
2. Taxes falling on improvements lessen the amount of improvements.

B. They are unjust taxes, for

1. They can be easily evaded.
2. They can to a considerable extent be shifted.
3. They bear heavily on the poor.
4. All taxes on the products of individual labor are unjust when society has a fund of its own from which to draw its revenues.

C. They are expensive, complex, and cumbersome, for

1. They are levied on a great variety of objects and require complicated machinery, and duplication of machinery, for their assessment and collection.

II. The single tax on land values will do away with the defects of the present system, for

The single tax would do away with these defects.

A. It will exempt industry and improvements from taxation, for

1. Land will bear the entire burden.

B. It is a just tax, for

1. It cannot be evaded, for
 - a. Land cannot be concealed or carried off.
 - b. Land values can be easily determined.
2. It cannot be shifted, for
 - a. It will be paid out of rent.
 - b. Landlords cannot pay the tax from an increase in rents, for
 - (1) Rents depend on supply and demand.
 - c. Economists are agreed that the single tax cannot be shifted.

3. It is a burden on no one, for

- a. The fund upon which it draws is created by society, for
 - (1) All land values and all increase in land values are due to the presence of society, for
 - (a) If society were not there the land would have no value.
 - (b) Individual labor or improvements do not add to the value of the bare land.

ments, implements, stocks, etc., will be exempt from taxation.

2. He will actually pay less taxes than at present, for
 - a. The vast holdings of idle land in both cities and rural districts will bear their just share of the taxes.

C. All forms of industry will be stimulated by the exemption of labor, capital and all improvements on land, from taxation and by making the natural resources accessible to all.

IV. The single tax on land values has succeeded where it has been tried, for

A. It has greatly benefited Vancouver, Victoria, Edmonton and other Canadian municipalities.

B. It has worked well in New Zealand and Australia.

C. Taxes with some single tax features are being used successfully by England, Germany, and other European countries.

The single tax has succeeded where it has been tried.

65. The case against the single tax¹

In opposition to the above claims, numerous arguments have been advanced against the single tax. These negative arguments have been summarized as follows:

Negative arguments:

Public revenues should not be raised by a single tax on land values, because

I. The present system of taxation is not inherently defective, for

- A. On the whole, it is in harmony with the great principle of taxation that each individual should contribute to the support of the government in proportion to his ability to pay, for

The present tax system is not inherently defective,

1. Property taxes form the basis of our system of taxation.
2. Property is one of the best evidences of ability to pay.

B. It is a diversified system, and diversification in a taxing system is desirable, for

1. If any injustice results from one tax, it is apt to be equalized or mitigated by the other taxes.
2. A diversified system is a more certain source of revenue, for

a. If one source fails, others can be drawn upon.

3. It affords greater elasticity.

¹ From the Debaters' Handbook Series, *Selected Articles on Single Tax*. Compiled by Edna D. Bullock. The H. W. Wilson Co., White Plains, New York, 1915; pp. xvi-xix.

4. It requires some contribution from practically every citizen.
5. It permits the application of taxes for social or political purposes.

C. The specific defects in the present system can be remedied by specific reforms without overthrowing the entire system, for

1. The greatest evil of the present system of state and local taxation — evasion — can be done away with by the classification of property for purposes of taxation and by the taxation of different classes at different rates, for
 - a. If a low rate is placed on intangible and other personal property, the tax will not be evaded.
 - b. The classified property tax has practically done away with evasion in the states where it has been adopted.
2. Injustices in the present system can be remedied by the extension of progressive inheritance taxes in the states and the adoption of a progressive income tax by the federal government.
3. The separation of state and local taxation will secure greater simplicity and effectiveness in the taxing system.

II. Viewed solely as a system of taxation, the single tax on land values is defective, for

A. It is unjust, for

1. It fails to conform to the canon of taxation that all should pay taxes in proportion to their ability to pay, for
 - a. It taxes individuals only in proportion to the value of the land which they own.
 - b. It taxes the poor men's land and exempts the rich men's personal property, mansions, skyscrapers, and factories.
 - c. It takes no consideration of income, productiveness of property, or any of the evidences of ability to pay.
 - d. It exempts nearly all monopolies and trusts.
2. It discriminates against a certain class in society — the farmers, for
 - a. It compels them to bear an undue share of the burdens of taxation.
3. It discriminates against one of the elements of production, for
 - a. Labor and capital should also bear some of the burden of taxation, for

and its specific defects can be remedied without overthrowing the entire system.

Defects of the single tax as a system of taxation: injustice,

(1) There are socially created values in labor and capital as well as in land, for

(a) The products of labor owe their value to the presence of society.

(b) The factory and store would be worthless if society did not offer a market for their products.

(c) The business man's profits and the income of the professional man are socially created values.

(d) Houses and all other improvements have the same kind of socially created value as has land.

4. It is unjust to take the increment of land in taxes and not reimburse the landowner when there is a decrement in the value of his land.

B. It is difficult of assessment, for

difficulty of assessment,

1. It is often impossible to determine land values exclusive of improvements, for

a. The value of irrigated, cultivated or fertilized land cannot be correctly estimated apart from the improvements.

C. It is inelastic, for

and inelasticity.

1. It cannot be increased, for

a. The purpose of the single tax is to take all of the rent of land.

2. The selling value and rental value of land fluctuate and will cause fluctuations in the amounts raised by the tax.

D. It is inadequate, for

It is inadequate,

1. In many poor communities the rent of land is insufficient to meet the expenses of government.

E. It will lead to extravagance, for

will lead to extravagance,

1. In many communities there are enormous land values and large funds will pour into the public treasury.

2. The interest of citizens in having government economically administered will be lessened, for

a. A majority will pay no taxes.

F. Its adoption will necessitate the abolition of revenue taxes, such as the taxes on opium, liquors, tobacco, adulterated foods, etc., and of protective taxes, such as the tariff.

and will necessitate the abolition of revenue taxes.

III. As a scheme for social and economic reform, the single tax on land values is undesirable, for

A. It will result in the confiscation of private property in land, for

Defects of the single tax as a scheme of social and economic reform.

1. The appropriation by society of the rent and increase in value of land will abolish the selling value of land and constitute the state the universal landlord.
- B. Confiscation of private property in land is not desirable, for
 1. By a process of evolution society has evolved from a state of common or community ownership of land to a state of private ownership of land.
 2. Private ownership of land is the basis of our civilization.
- C. It will result in discouraging the policy of conservation, for
 1. A premium will be placed on exploiting natural resources.
 2. Timber lands especially will suffer, for
 - a. The timber will have to be cut to pay the taxes, for
 - (1) The land yields no income until the timber is cut.

66. Services rendered by the single tax agitation¹

The single tax agitation has rendered many valuable services:

it has aided in the reform of our taxation system;

The majority of economists are agreed that the single tax, as advocated by Henry George, is too radical and drastic a reform ever to find wide acceptance among the American people. Nevertheless, the single tax agitation has performed a number of valuable services, as Dr. Young points out in the following selection:

Single taxers have found a ready object of criticism in existing tax methods, and they have not come short of their opportunity to point out faults. In this they have performed a most valuable public service. They have occupied a prominent place in the ranks of tax reformers. So far as destructive criticism goes they have frequently been in close agreement with those having other tax ideals. They have persistently laid bare the theoretical and administrative defects of the general property tax; they have shown the injustice of poll taxes; they have set forth the burdensomeness of federal indirect taxation; they have labored assiduously to relax the rigid tax clauses of state constitutions; and they have worked ardently for the juster and more efficient administration of taxes. . . .

it has directed attention to the social effects of taxation;

Finally, single taxers have directed attention to the social effects of taxation. The principle of using the taxing power as a means of social reform has unquestionably gained a wider acceptance as the result of the single tax agitation. . . .

¹ From Arthur Nichols Young, *The Single Tax Movement in the United States*. Princeton University Press, Princeton, 1916; pp. 313, 315, 319.

Another most important way in which the single tax movement has exerted influence has been in directing attention to the vital importance of the conservation of natural resources. . . . [Single taxers] have actively opposed the efforts which from time to time have been made to induce Congress to grant away the remainder of the nation's natural resources to those who covet them without requiring a due return. . . .

it has aided the movement to conserve natural resources,

Finally, the American single tax movement has been a powerful force insistently directing attention to the vexed problem of poverty. . . . Through the propaganda of Henry George and his followers hundreds of thousands have been led to consider how the condition of mankind may be ameliorated. Never before has the pressing importance of social reform been felt as in the last generation. The most vital message of Henry George's life and work was the urgency of social reform. Whatever the fate of the remedy for which he so earnestly contended, one thing is sure. Henry George made it plain that no true civilization can avoid the duty of finding a means to "extirpate poverty" and "to lighten the burdens of those compelled to toil."

and it has directed attention to the problem of poverty.

Questions on the foregoing Readings

1. Define single tax.
2. Just what is meant by land value?
3. What is the importance of Henry George in the single tax agitation?
4. What did George point out with regard to the persistence of poverty in modern life?
5. What, according to George, is the reason for this persistence?
6. What were the six remedies for poverty which George examined and rejected as inadequate?
7. What remedy did George propose for the eradication of poverty?
8. What arguments did he advance to prove that the private ownership of land is unjust?
9. Outline briefly the results which George claimed would follow from an application of his "remedy."
10. Outline the case in favor of the single tax.
11. What are the chief arguments against the single tax?
12. What, according to Dr. Young, has been the service rendered by the single taxers with regard to taxation reform in this country?

13. What service has the single tax agitation rendered with regard to the social effects of taxation?
14. What has been the service of the single taxers with reference to the conservation of natural resources?
15. Explain how the single tax agitation has performed a valuable service by directing attention to the problem of poverty.

CHAPTER XII

PROFIT SHARING AND COÖPERATION

67. Profit sharing establishments in the United States¹

Profit sharing is a device which aims to bind together the employer and employees in a given business. Profit sharing seeks to achieve this aim by distributing among the workmen, in addition to their regular wages, a share of those profits which would ordinarily go entirely to the employer. In 1916 the United States Department of Labor undertook a comprehensive survey of profit sharing in this country. In that year sixty establishments had profit-sharing systems, more than two-thirds of which had been in operation less than ten years. Of these sixty profit sharing establishments, thirty-three were manufacturing concerns. The following is the complete list of profit sharing establishments in the United States in 1916, as compiled by the Department of Labor:

In 1916 an investigation by the U.S. Department of Labor revealed

ESTABLISHMENTS WITH PROFIT-SHARING PLANS IN OPERATION IN 1916

<i>Name of Firm</i>	<i>City and State</i>	<i>Industry or Business</i>	<i>Year plan was established</i>
Am. Light & Traction Co.	New York, N. Y....	Public utility	1899
Am. Manufacturing Concern....	Falconer, N. Y....	Manufacturing wood novelties, toys, desks.	1915
Baker Manufacturing Co.	Evansville, Wis....	Manufacturing windmills and gasoline engines.	1899
Ballard & Ballard Co.	Louisville, Ky....	Manufacturing — Flour milling.	1886
Ballinger & Perrot	Philadelphia, Pa....	Architects and contractors.	1911
Bartley, R. A.	Toledo, Ohio	Mercantile	1904
Benoit System	Bangor, Me.	do.	1914
Blood, J. B., Co.	Lynn, Mass.	do.	1909
Boston Consolidated Gas Co....	Boston, Mass.	Public utility	1906
Bourne Mills.	Fall River, Mass....	Manufacturing cotton cloth	1880
Burritt, A. W.	Bridgeport, Conn....	Manufacturing — Lumber mill.	1900

sixty profit sharing establishments in the United States.

¹ From the United States Department of Labor, Bureau of Labor Statistics, *Profit Sharing in the United States*. Washington, 1917; p. 10.

<i>Name of Firm</i>	<i>City and State</i>	<i>Industry or Business</i>	<i>Year plan was estab- lished</i>
Cabot, Samuel	Boston, Mass.	Manufacturing chemist.	1887
Carolina Savings Bank	Charleston, S. C.	Banking	1897
Chatfield Milling & Grain Co.	Bay City, Mich.	Manufacturing — Flour millers, grain dealers, etc.	1906
Cleveland Twist & Drill Co.	Cleveland, Ohio	Manufacturing drills, etc.	1915
Davis, W. B.	do	Mercantile	1914
Eastman Kodak Co.	Rochester, N. Y.	Manufacturing photo- graphic appliances and supplies.	1911
Edison Electric Illuminating Co.	Brooklyn, N. Y.	Public utility	1910
Elliman, D. L., & Co.	New York, N. Y.	Real estate brokers	1915
Empire Trust Co.	do	Banking	1914
Farr Alpaca Co.	Holyoke, Mass.	Manufacturing cotton cloth	1914
Garfield Savings Bank	Cleveland, Ohio	Banking	1915
Graves, H. B., & Co.	Rochester, N. Y.	Mercantile	1901
Guardian Savings & Trust Co.	Cleveland, Ohio	Banking	1913
Harris Trust & Savings Bank	Chicago, Ill.	do	1915
Hathaway, C. F., & Sons	Cambridge, Mass.	Wholesale baking	1912
Heebner & Sons	Lansdale, Pa.	Manufacturing agricultural machinery.	1912
Hollenberg Music Co.	Little Rock, Ark.	Mercantile	1909
Ivey, J. B., & Co.	Charlotte, N. C.	do	1909
Krauter, C. H.	Youngstown, Ohio	do	1906
Kutztown Foundry & Machine Co.	Kutztown, Pa.	Manufacturing — Foundry and machine works.	1914
Lever Bros. (Ltd.)	Cambridge, Mass.	Manufacturing — Soap	1909
Liberty Trust Co.	Boston, Mass.	Banking	1910
Maxwell, A. L., Co.	Lawrenceville, Ill.	Mercantile	1915
Milmore Corporation, The	South Bend, Ind.	Manufacturing chemists	1915
Miner-Hillard Milling Co.	Wilkes-Barre, Pa.	Manufacturing — Milling, flour, meal, grits, etc.	1906
Minneapolis Bedding Co.	Minneapolis, Minn.	Manufacturing beds and bedding.	1915
Nelson, N. O., Mfg. Co.	St. Louis, Mo.	Manufacturing plumbers' and steamfitters' supplies.	1886
New Haven Gas Light Co.	New Haven, Conn.	Public utility	1907
Newport Daily News	Newport, R. I.	Newspaper publishing	1901
Noyes, Chas. F., Co.	New York, N. Y.	Real estate brokers	1911
Parks, G. M., Co.	Fitchburg, Mass.	Contractors and builders	1915
Patton Paint Co.	Milwaukee, Wis.	Manufacturing paints	1910
Peninsular Paper Co.	Ypsilanti, Mich.	Manufacturing cover papers	1914
Plymouth Cordage Co.	Plymouth, Mass.	Manufacturing cordage	1913
Record Auto Supply & Service Co.	Washington, D. C.	Mercantile	1916
Sears, Roebuck & Co.	Chicago, Ill.	do	1916
Simmons, R. F., Co.	Attleboro, Mass.	Manufacturing jewelry	1902
Simplex Wire & Cable Co.	Boston, Mass.	Manufacturing insulating wires and cables.	1901
Spencer Wire Co.	Worcester, Mass.	Manufacturing wire	1915
Stambaugh-Thomson Co.	Youngstown, Ohio	Mercantile	1912
Stevens, Samuel	Columbus, Ohio	do	1912
Stern, Bernard & Son	Milwaukee, Wis.	Manufacturing — Flour milling.	1913
Title Guarantee & Trust Co.	New York, N. Y.	Banking	1911
Tyler, W. S., Co.	Cleveland, Ohio	Manufacturing mining screens.	1914
Underwood Typewriter Co., Inc.	New York, N. Y.	Manufacturing typewriters	1916
Union Savings Bank & Trust Co.	Cincinnati, Ohio	Banking	1901
United Electric & Water Co.	Hartford, Conn.	Public utility	1916
Vitagraph-Lubin-Selig-Essanay Co. (Inc.)	New York, N. Y.	Mercantile — Distributors of moving-picture films.	1915
Ward Baking Co.	do	Bakers	1913

68. Examples of successful profit sharing¹

2

In a number of cases profit sharing has worked out to the advantage and satisfaction of both employer and employees. This has been shown, for example, by the investigations of the National Industrial Conference Board. The Board tested the practicability of profit sharing in the United States by sending out inquiries to industrial establishments which at one time or another had used this method of remuneration. The following extract from the 1920 report of the Board contains some of the favorable replies to these inquiries:

The investigation of profit sharing by the National Industrial Conference Board.

A company manufacturing plumbing goods, whose plan has had a long period of trial, stated: "In general, we feel that a system of profit sharing is an ameliorating influence, but that it is not a cure-all."

Benefits:

The Miner-Hillard Milling Company, grain millers, Wilkes-Barre, Pa., whose plan was adopted in 1906, reported: "It has paid us well, because our relations with our men have made our work lighter and a pleasure in many cases where it would otherwise have been a burden. It has always attracted to us the best quality of men."

Increased loyalty and coöperation.

A chemical manufacturing company, whose plan was adopted in 1888, wrote: "We feel that the effect upon our operatives has been good."

A fuel company of Massachusetts which adopted profit sharing in 1918 gave an account of the operation of the plan in a coke plant. It wrote that the plan had a tendency to reduce labor turnover; to make employees more economical with materials, and to bring about "contentment and coöperation of workers." It said further: "After once receiving a share of profits the employees are anxious to hold their jobs so as to receive all subsequent profits."

Reduction of labor turnover.

A shoe manufacturing company, whose plan was adopted in 1917, wrote: "The effect of the plan has been to reduce labor turnover, also labor disturbances. We feel that it has added to the coöperation of our workers, and this would of necessity improve the quality of the work."

The Cleveland Twist Drill Company, whose plan was adopted in 1915, stated: "We do not know of any direct benefit from the

¹ From the National Industrial Conference Board, *Research Report No. 29, Practical Experience with Profit Sharing in Industrial Establishments*. Boston, 1920; pp. 11-19.

profit-sharing plan in economy in the use of material, although there may be an indirect benefit."

Increased
efficiency.

The Brooklyn Edison Company, Brooklyn, N.Y., wrote: "Profit sharing has led to increased efficiency and regard for company property."

Only a few establishments reported as to the effect of profit-sharing plans on the quality and quantity of work turned out. . . . A textile establishment . . . said regarding the quality of product: "This has undoubtedly been improved through the increased coöperation of employees and between heads of departments."

Another establishment reported: "We have several instances where a press gang would work extra each day in order that they might increase their annual share of the profits as well as add to their daily earnings."

Avoidance
of labor
disturb-
ances.

The R. F. Simmons Company, of Attleboro, Mass., jewelry manufacturers, which adopted profit sharing in 1902 with a view to promoting cordial relations with their workers, wrote: "While our plan . . . is not a panacea for all industrial ills, yet we have felt that our policy in this respect has been a material factor in securing loyal and interested coöperation in the production of Simmons Chains. Furthermore, this loyalty was put to a severe test in August, 1918, when a general strike (the first of its kind in this city) occurred in the jewelry business here, and only one man and three women out of 200 employees responded to the strike call . . . despite the fact that by far the majority of the jewelry employees of the city went on strike, and in the face of vigorous and persistent picketing of our plant."

Promotion
of thrift.

The Brooklyn Edison Company wrote: "We feel that our plan is unique and very satisfactory to the employees and to the company. It has tended to lengthen the term of service of the employees; induced many to become owners of stock in the company, and makes for general loyalty and efficiency. On the other hand, it has led many employees to establish systematic habits of thrift. . . ."

An establishment which distributes profits in the form of shares of stock, wrote: "Only in a few cases of necessity have the employees sold their shares or even their balances, which goes to show that the employees are anxious to save." . . .

69. Examples of unsuccessful profit sharing¹

3

Although profit sharing has proved more or less successful in a number of cases, in other instances it has been abandoned as an unworkable scheme. In the following extract Dr. Paul Monroe presents a number of cases in which industrial establishments in the United States have abandoned profit sharing:

Keene Brothers, of Lynn, Mass., manufacturers of shoes, adopted a plan of profit sharing in 1885, but did not make public any details. One or two divisions [of profits] were made; but the personnel of the firm was changed and the plan was abandoned. It had not prevented labor disturbances during the years that dividends were paid.

The New England Granite Works, of Westerly, R. I., adopted an elaborate plan of profit sharing in 1886, chiefly as a protection against labor difficulties. Lack of good faith was charged by both sides; no bonus was ever paid.

Welshans and McEwans, plumbers, of Omaha, Neb., divided all net profits for 1886, after reserving interest on capital, pro rata between capital and wages. For the first year the bonus amounted to an extra month's pay on eight months' work. The following year the men went out on a general strike, and the plan was abandoned.

The Hoffman and Billings Company, of Milwaukee, Wis., manufacturers of plumbers' goods, divided net profits equally between capital and labor, each laborer participating in proportion to wages earned for the years 1886-1890. "This plan worked well for several years when there were profits to divide, but when we happened to have a poor year, and losses instead of gains at the end of the year, we met sour faces all around among our men, and concluded that it was too much of a 'jug-handle affair' to be continued, so we dropped it. . . ."

The Springfield Foundry Company, of Springfield, Mass., began to divide profits in 1887, and discontinued the plan after three years' trial. The bonus amounted to 2 or 3 per cent on wages. The firm says, "In our business, it was an injury rather than a benefit to us. We could not see any perceptible increase in the production of our

In a number of cases profit sharing has been abandoned because of

its failure to eliminate labor troubles,

because of the resentment of the employees when there were no profits to divide,

because of its failure to increase production and secure other benefits,

¹ From Paul Monroe, "Profit Sharing in the United States." *The American Journal of Sociology*, Vol. I, No. 6. May, 1896; pp. 700-701, 705-707, 709.

men, nor interest in the care of their tools or material. On the contrary, our employees began to think that they were the proper parties to fix wages, and the prices at which we should sell the products. The employees were also careful to take advantage of their membership in the labor unions to enforce their demands. Since we have abandoned the system of profit sharing, these troubles do not exist."

The St. Louis (Mo.) Shovel Company divided profits from 1887 to 1894. . . . Their opinion is that the plan decreases the profits of the firm, and "so long as labor unions dominate labor, profit sharing cannot be a success nor prevent labor troubles, even though employers conscientiously and liberally endeavor to work under the system. . . ."

The Watertown (N. Y.) Steam Engine Company divided profits for the year 1891. Their experience was "that in the case of a fair proportion of our men we secured better service, better regard for the interests of the business, but that a still larger number of the men regarded their dividends as simply so much extra pay and were no more careful than before. We are quite willing to believe that if the experiment had been continued for a number of years we should have developed among the men a sentiment which would have compelled the indolent and indifferent ones to give us better service or incur the disapproval and ostracism of their fellow workmen. The result for the first year, however, was so far from showing any very favorable improvement that we discontinued it."

A brief summary must here suffice. . . . In comparison with European experience, one is struck with the brevity of the trial [of profit sharing in the United States]. As to a fundamental principle, the large majority [of firms] are of the opinion that such a plan results in a financial loss to the employer, he being recouped if at all in non-computable ways. Those which continue the plan do so, not as a matter of philanthropy, but as a matter of justice if not of business. These are about equally divided in their opinion as to the direct financial benefit of the plan to the firm. While it is true . . . that one success will prove that it can be done with profit and any number of failures not prove the contrary, yet it is as a general type, not an individual variation, that such a system has social significance. . . .

because
of trade
union
opposition,

or because
of the fail-
ure of profit
sharing
to render
the employ-
ees more
careful and
helpful.

Summary.

70. Examples of successful coöperation ¹

Often discussed in connection with profit sharing, but of greater social significance, is coöperation. In general, coöperation has developed more slowly in the United States than in Great Britain and on the continent of Europe. Nevertheless, some types of coöperation have attained considerable success in this country, particularly, perhaps, consumers' coöperation. In the following passage, James Peter Warbasse gives some examples of successful consumers' coöperation in the United States:

Status of coöperation in the United States.

All over the country the movement has developed. It has been sporadic. No center can be designated as the seat of the renaissance of coöperation. The agricultural people of the northern states have been among the first in this new era. The Coöperative League of America has knowledge of over 2,000 true consumers' coöperative societies conducting stores. . . .

Over 2000 consumers' coöperative societies in the United States.

The Tri-state Coöperative Society is a federation of about seventy societies, mostly in western Pennsylvania. These societies are constituted of many nationalities; Poles, Slovaks, Lithuanians, Ukrainians, Italians and Bohemians. One of the typical successful organizations is that of Bentleyville, Penn. Here, in a little mining town, it has crowded out private business, and handles groceries, meats, dry goods, shoes, feed, and automobile supplies to the amount of \$200,000 a year. . . .

The Tri-State Co-operative Society.

The Central States Coöperative Society is a federation of about sixty-five distributive societies. Its headquarters are Springfield, Ill. It maintains a wholesale with a warehouse at East St. Louis. These societies are largely built up among the union locals of the United Mine Workers in Illinois. This is a group of about eighty of these societies. Their financial success enables many of them to return to their members a savings-return of from 6 to 12 per cent quarterly on the cost of their purchases. . . .

The Central States Co-operative Society.

Illinois is but an index of what is going on in the neighboring states. Strong groups of societies exist in Indiana, Ohio and Iowa. The Palatine Coöperative Society of Chicago with 1200 members

The Palatine Co-operative Society.

¹ From James Peter Warbasse, *The Coöperative Consumers' Movement in the United States*. The Coöperative League of America, New York, 1919.

conducts a school with 400 Polish students. This society has a capital of \$500,000. . . .

Coöperation
in Wisconsin,
Minnesota, the
Dakotas and Mon-
tana.

Wisconsin, Minnesota, the Dakotas, and Montana are, perhaps, more thoroughly permeated with the spirit of coöperation than any other section of the country. An example of the method of operation is the Silverleaf, North Dakota, Society. A small group of farmers subscribed \$200 each. They bought out two merchants in the nearest town. One building was remodeled and used as a store, warehouse and creamery; the other is used as a community center. . . .

Coöperation
in the
Puget
Sound
section.

The Northwest has a vigorous movement around Puget Sound. The powerful labor organizations of Seattle have become interested in coöperation. Things are happening rapidly. The Seattle society bought a store doing a business of \$4,200 a month. They started in June, 1918, and increased the business to \$7,000 a month. They then took over the city market, and during the first 30 weeks did a business of \$500,000. Now their meat business alone amounts to \$70,000 a month. . . . During the past few months, they have gone ahead and organized their slaughter house where they kill the animals supplied by their own agricultural members. Most of their fruit and vegetables are supplied by their own members. Their market is a concrete building with its own ice plant and cold storage.

Among these Seattle coöperatives are found a laundry, printing plant, milk condensary, several shingle mills, fish cannery and recreation houses. Behind them is the support of the labor unions. A single union contributed \$12,000 to their total \$41,000 paid up capital. The Puget Sound Coöperative Wholesale, a federation of the societies about Seattle, was organized in 1918. . . .

Coöperation
in Cali-
fornia.

An older coöperative movement is found in California. The Rochdale movement was started there fully twenty years ago. It experienced many vicissitudes. A wholesale was organized but it failed to give substantial help. Then the Pacific Coöperative League was incorporated in 1913 as a propaganda and sustaining organization. This has given decided strength to the movement. During the first four years more than 1100 associate members joined the League. In 1918 a significant move was made: the California Union of Producers and Consumers was created. The three organizations which enter into its composition are the Farmers' Educational and Co-

operative Union, the Pacific Coöperative League and the California State Federation of Labor. . . .

71. Examples of unsuccessful coöperation¹

The Coöperative League of America believes that producers' coöperation is generally a success when engaged in by consumers' societies, and when the product is intended, not for the general market, but for the exclusive use of members of these consumers' societies. The League believes, on the other hand, that producers' coöperation is universally a failure when engaged in by persons not members of a consumers' society, and when the aim is to produce for the general market rather than exclusively for members of a consumers' society. In the following selection, Mr. Warbasse illustrates the failure of this second type of producers' coöperation:

We must face the facts. The coöperative producers' factory has failed. After a hundred years of painful experimenting, history shows that when a group of workers organize and control their product, their motive is to get as much as they can for it. The interest of the small group of workers is to exploit the great mass of consumers. Even though they are less ruthless, and give better value than capitalistic producers, the main fact still stands. 'They sell their product in competition with capitalistic producers, and no matter how unselfish and ideal their original plan has been, they tend ultimately to become animated by the same spirit of trade as animates the capitalist.

The history of the coöperative producers' factory in the European countries is in line with the above facts. The United States is not without its examples. From 1845 down to the present time, such organizations have come and gone, and left their groups of sad and disillusioned workers standing by the wayside.

The Workingmen's Protective Union, the Sovereigns of Industry, the Patrons of Husbandry, and the Knights of Labor, all organized coöperative producers' enterprises. The latter had several boot and shoe factories in New England between 1875 and 1885. These attempts at coöperative industry contributed largely to the breaking

Two types
of pro-
ducers' co-
operation.

Failure
of the
coöperative
producers'
factory

illustrated
by the his-
tory of co-
operation in
the United
States from
1845 to
the present
time.

¹ From James Peter Warbasse, *Producers' Coöperative Industries*. The Coöperative League of America, New York, 1921.

down of this splendid old organization. Printing societies, iron foundries, cloth mills, glass factories, laundries, clothing factories, and box factories, have each passed into history.

Other producers' coöperative enterprises in the United States have made furniture, underwear, brooms, coal, nails, pipes, lumber, pottery, soap, stoves, tobacco, and most every other American product. At the organization of many of these, twenty-five, fifty and seventy-five years ago, the same language was used and the same plans were made as we find in the case of groups of workers now blindly planning producers' industries.

The Coöperative Stove Works of Troy, N. Y., founded as the result of a strike in 1866, developed a capital of \$106,000 in twenty-five years, but by that time there were but ten of the original workers in the concern, and six men owned more than half of the stock. The same happened in the Coöperative Foundry of Rochester, N. Y.; organized in 1867, it grew till it had a capital of \$200,000 twenty years later and was doing a business of \$350,000 a year; but it ended by becoming a capitalistic stock company owned by thirty-five stockholders. A similar history follows the cigar and glove factories.

The Coöperative Hat industry of Philadelphia was started in 1887 and went the way of the rest. A coöperative hat factory in New York had capital, enthusiasm and idealism, but it failed for want of an organized market of consumers. The Coöperative Barrel Works of Minneapolis, organized in 1874, had by-laws which voiced ideal standards of industry, and every condition surrounded their enterprise to make for success; [but they ultimately failed]. . . .

In 1919 the Brotherhood of Maintenance of Way Employees and Railway Shopmen invested around a million dollars in factories for the manufacture of gloves, hosiery, and underwear. Although called coöperative, like all of the above enterprises, they were really not coöperative. The Coöperative League of America advised against the course they were entering upon; but oblivious of a hundred years of failure they went ahead, and the poorest paid of the Railroad Brotherhoods in less than a year have sunk their hard-earned savings in a hopeless failure.

72. The social benefits of coöperation¹ **b**

As has been pointed out, one of the most significant forms of coöperation is consumers' coöperation. Where practicable, this form of coöperation has several economic advantages, of which the two most important are probably the following: first, the coöperative store enables consumers to get commodities at a lower price than would be possible were they obliged to buy those commodities of a non-coöperative store. Second, to the extent that the coöperative store eliminates unnecessary middlemen, the productivity of the community may be increased. Aside from these and other economic advantages, the coöperative store confers a number of social benefits, which Mr. Fay outlines in the following passage:

[In the management of the coöperative store,] every member has one vote in the general assembly, and no one has more than one vote. . . . No doubt, as a rule, only the few enthusiasts are regular attendants, but there is not here, as in an ordinary company's meeting, the same probability that the audience will be overawed by one or two big men. From membership to a seat on the committee, from the committee to the presidency, from the presidency to a directorship on the Board of the Wholesale Federation on the one hand, or on the Central Board of the Coöperative Union on the other, there is a ladder of responsibility which the intelligent working man may climb. . . . In proportion as industry generally becomes more centralized and the working man more rigidly fixed to the machine, the coöperative society becomes more valuable as a corrective to the narrowness of his outlook as a worker. The chief business duties of the committee are to control the manager, who fixes prices and is generally given a fairly free hand so long as he makes the expected dividend, and to keep a watch over ingoings and outgoings. . . .

It is unfortunately considered among most classes a pardonable, if not a heroic, thing to trade on the credit of the storekeeper. The coöperative store, however, being an association of working men, can forcibly impress on each working man, as he enters the society, that indebtedness at the store is an indirect form of dishonesty to-

Benefits of
consumers'
coöperation

The social
benefits of
the coöper-
ative store:

(1)
It teaches
the working-
man self-
government.

(2)
It famil-
iarizes the
working
classes with
cash pay-
ments.

¹ From C. R. Fay, *Coöperation at Home and Abroad*. P. S. King & Son, London, 1920; pp. 322-324, 328, 330-331.

wards his working-class fellows. The first members of a store are generally seriously-minded men who recognize the risk of indebtedness. . . . They know their members in a way that the ordinary shopkeeper cannot know his changing circle of customers. Since all members must hold at least one share, the store has a powerful lever for compelling obedience to its rules. As soon as the working class become habituated to cash payments, they continue because they realize its advantages. . . .

(3)
It encourages thrift.

[The payment of a dividend by a coöperative store encourages thrift on the part of members.] From the increased trade at the stores immediately after the payment of profits, [in the form of dividends], it is clear that many of the members depend on these profits as a means to re-clothe, re-furnish and add generally to the comfort of their homes. Thus the money saved at the stores and periodically spent gives a new fillip to trade. It is also well known that many coöperative working men depend upon the store profit to pay their rent. . . . In many [English] towns building societies grant loans to working men for the purpose of purchasing their houses. The profit from the coöperative store is frequently used to meet the instalments of the loan. Many have in this way become the proprietors of their own homes without effort. . . .

(4)
It furthers the education of the coöperatives.

[An important social aim of coöperation is] the training of men and women to take part in industrial and social reforms and municipal life generally. The work done may perhaps be classified under three heads: (1) coöperation: instruction in its history and principles; (2) general: libraries and lectures; (3) recreation: reading-rooms, concerts, recreation clubs, excursions. As I have said, the attention thus paid to social education distinguishes in particular British coöperation. . . .

Questions on the foregoing Readings

1. Define profit sharing.
2. How many establishments in the United States were applying the profit-sharing principle in 1916?
3. What proportion of these establishments were manufacturing concerns?

4. Name some of the states in which these establishments were located.
5. How did the National Industrial Conference Board test the practicability of profit sharing?
6. Give an instance of where profit sharing has resulted in increased loyalty and coöperation on the part of the employees.
7. Illustrate the way in which profit sharing may reduce the labor turnover in an industrial establishment.
8. Give an example of profit sharing being abandoned because of the opposition of the trade union.
9. Give an example in which profit sharing has promoted thrift.
10. Give an example in which profit sharing has been abandoned because of its failure to eliminate labor troubles.
11. What was the experience of Welshans and McEwans of Omaha, Neb., with profit sharing?
12. What opinion was expressed by the Watertown (N. Y.) Steam Engine Company with regard to profit sharing?
13. Has coöperation developed more or less slowly in the United States than in Great Britain and on the continent of Europe?
14. What is the nature of the Tri-State Co-operative Society?
15. Give an example of successful coöperation in Illinois.
16. What can be said as to coöperation in the Puget Sound section?
17. Trace, briefly, the development of coöperation in California.
18. What are the two types of producers' coöperation?
19. Which, according to the Co-operative League of America, has proved successful? Which has proved an almost universal failure?
20. Give some examples of unsuccessful producers' coöperation in the United States.
21. Name two economic benefits of the successful coöperative store.
22. Explain how the coöperative store teaches self-government.
23. To what extent does the coöperative store teach thrift?
24. What part may coöperation play in social education? In what country does coöperation lay particular stress upon this type of education?

CHAPTER XIII

THE GENERAL NATURE OF SOCIALISM

73. Socialist theory of value¹

Nature of
the socialist
or labor
theory of
value.

In spite of the enormous amount of time and energy spent in discussing socialism, astonishingly little attention has been paid to the socialist theory of value. And yet this theory of value is the basis and foundation of all socialist doctrine. This was recognized by Karl Marx, the "father" of modern socialism, and he accordingly began his great work *Capital* with a development of what has become generally known as the socialist or labor theory of value. Marx points out that all commodities have size, weight, color and other physical properties, but that these properties have no direct relation to the exchange value of commodities. He then declares that one property is characteristic of *all* commodities, *i.e.* they are produced by human labor. His reasoning soon becomes both complex and contradictory, but in essence it amounts to this: commodities tend to have exchange value in proportion as socially necessary labor has been expended upon them. In the following extract from his celebrated book *Capital*, Marx explains what he means by this statement:

Labor a
measure
of value,

A . . . useful article, therefore, has value only because human labor in the abstract has been embodied or materialized in it. How, then, is the magnitude of this value to be measured? Plainly, by the quantity of the value-creating substance, the labor, contained in the article. The quantity of labor, however, is measured by its duration, and labor-time in its turn finds its standard in weeks, days, and hours.

Some people might think that if the value of a commodity is determined by the quantity of labor spent on it, the more idle and un-

¹ From Karl Marx, *Capital*. Swan, Sonnenschein, Lowrey and Co., London, 1887. Vol. I, Part I, Chapter I, Section I.

skilful the laborer, the more valuable would his commodity be, because more time would be required in its production. The labor, however, that forms the substance of value, is homogeneous human labor, expenditure of one uniform labor power. The total labor-power of society, which is embodied in the sum total of the values of all commodities produced by that society, counts here as one homogeneous mass of human labor-power, composed though it be of innumerable individual units. Each of these units is the same as any other, so far as it has the character of the average labor-power of society, and takes effect as such; that is, so far as it requires for producing a commodity no more time than is needed on an average, no more than is socially necessary.

but value is measured only by the amount of labor which is *socially necessary* to produce the commodity in question.

The labor-time socially necessary is that required to produce an article under the normal conditions of production, and with the average degree of skill and intensity prevalent at the time. The introduction of power looms into England probably reduced by one-half the labor required to weave a given quantity of yarn into cloth. The hand-loom weavers, as a matter of fact, continued to require the same time as before; but for all that, the product of one hour of their labor represented after the change only half an hour's social labor, and consequently fell to one-half its former value.

An example.

We see then that that which determines the magnitude of the value of any article is the amount of labor socially necessary, or the labor-time socially necessary, for its production. . . . Commodities, therefore, in which equal quantities of labor are embodied, or which can be produced in the same time, have the same value. . . .

Conclusion.

74. The laborer creates all value¹

2

Marx built a complex system of socialist philosophy upon the principle stated in the foregoing selection. Omitting the complexities and qualifications which accompany his further statement of this principle, he believed commodities to have value in proportion as socially necessary labor has been expended upon them. This conclusion arrived at, Marx next asserted that it is the laborer, and the

Significance of the principle stated above.

¹ From Karl Marx, *Value, Price and Profit*. Chas. H. Kerr and Co., Chicago, 1908. Chapter VIII.

laborer alone, who is responsible for the value of commodities. This second point he developed in the following language:

Now suppose that the average amount of the daily necessities of a laboring man require *six hours of average labor* for their production. Suppose, moreover, six hours of average labor to be also realized in a quantity of gold equal to three shillings. Then three shillings would be the *price*, or the monetary expression of the *daily value* of that man's *laboring power*. If he worked daily six hours he would daily produce a value sufficient to buy the average amount of his daily necessities, or to maintain himself as a laboring man.

But our man is a wages laborer. He must, therefore, sell his laboring power to a capitalist. If he sells it at three shillings daily, or eighteen shillings weekly, he sells it at its value. Suppose him to be a spinner. If he works six hours daily he will add to the cotton a value of three shillings daily. This value, daily added by him, would be an exact equivalent for the wages, or the price of his laboring power, received daily. But in that case *no surplus value* or *surplus produce* whatever would go to the capitalist. Here, then, we come to the rub.

In buying the laboring power of the workmen, and paying its value, the capitalist, like every other purchaser, has acquired the right to consume or use the commodity bought. You consume or use the laboring power of a man by making him work, as you consume or use a machine by making it run. By buying the daily or weekly value of the laboring power of the workman, the capitalist has, therefore, acquired the right to use or make that laboring power work during the *whole day or week*. . . .

[Now] the *value* of the laboring power is determined by the quantity of labor necessary to maintain or reproduce it, but the *use* of that laboring power is only limited by the active energies and physical strength of the laborer. The daily or weekly *value* of the laboring power is quite distinct from the daily or weekly exercise of that power, the same as the food a horse wants and the time it can carry the horseman are quite distinct. The quantity of labor by which the value of the workman's laboring power is limited forms by no means a limit to the quantity of labor which his laboring power is apt to perform.

Take the example of our spinner. We have seen that, to repro-

Suppose a laborer needs three shillings to support himself for a single day, and that he can earn this amount in six hours.

He sells his laboring power to the capitalist for three shillings.

But the latter makes the laborer work more than three shillings' worth, i.e. more than six hours.

duce daily his laboring power, he must daily reproduce a value of three shillings, which he will do by working six hours daily. But this does not disable him from working ten or twelve or more hours a day. But by paying the daily or weekly *value* of the spinner's laboring power the capitalist has acquired the right of using that laboring power during the *whole day or week*. He will, therefore, make him work say, daily, *twelve hours*. *Over and above* the six hours required to replace his wages, or the value of his laboring power, he will, therefore, have to work *six other hours*, which *surplus labor* will realize itself in a *surplus value* and a *surplus produce*.

The laborer may earn his wages in six hours and yet be obliged to work, say, another six hours to create a surplus product for the capitalist.

If our spinner, for example, by his daily labor of six hours, added three shillings' value to the cotton, a value forming an exact equivalent to his wages, he will, in twelve hours, add six shillings' worth to the cotton, and produce a *proportional surplus of yarn*. As he has sold his laboring power to the capitalist, the whole value or produce created by him belongs to the capitalist, the owner . . . of his laboring power. By advancing three shillings, the capitalist will, therefore, realize a value of six shillings, because, advancing a value in which six hours of labor are crystallized, he will receive in return a value in which twelve hours of labor are crystallized.

By this process the capitalist

By repeating this same process daily, the capitalist will daily advance three shillings and daily pocket six shillings, one-half of which will go to pay wages anew, and the other half of which will form *surplus value*, for which the capitalist pays no equivalent. It is this *sort of exchange between capital and labor* upon which capitalistic production, or the wages system, is founded. . . .

lives on the produce which the laborer alone creates.

75. The capitalist exploits the laborer¹

3

In the above selection Marx claims that although both laborers and capitalists are intimately connected with the productive process, the value of the commodities produced is due entirely to the activities of the laborers. The capitalist is a parasite who has fastened himself upon the laborers and lives by exploiting them. In the celebrated *Communist Manifesto*, published in 1848 by Karl Marx and Frederick Engels, this view is developed as follows:

The capitalist a parasite.

¹ From Karl Marx and Frederick Engels, *The Communist Manifesto*. London, 1848.

Capitalism
means low
wages.

Owing to the extensive use of machinery and to the division of labor, the work of the proletarians¹ has lost all individual character, and, consequently, all charm for the workman. He becomes an appendage of the machine, and it is only the most simple, most monotonous, and most easily acquired knack, that is required of him. Hence, the cost of production of a workman is restricted almost entirely to the means of subsistence that he requires for his maintenance, and for the propagation of his race. But the price of a commodity, and therefore also of labor, is equal to its cost of production. In proportion, therefore, as the repulsiveness of the work increases, the wage decreases. . . .

The laborer
is a slave.

Modern industry has converted the little work-shop of the patriarchal master into the great factory of the industrial capitalist. Masses of laborers, crowded into the factory, are organized like soldiers. As privates of the industrial army they are placed under the command of a perfect hierarchy of officers and sergeants. Not only are they slaves of the bourgeois class, and of the bourgeois State, they are daily and hourly enslaved by the machine, by the over-looker, and, above all, by the individual bourgeois manufacturer himself. . . .

No sooner is the exploitation of the laborer by the manufacturer so far at an end that he receives his wages in cash, than he is set upon by the other portions of the bourgeoisie, the landlord, the shop-keeper, the pawnbroker, etc.

The lower
strata of
the middle
class tend
to sink into
the pro-
letariat.

The lower strata of the middle class — the small tradespeople, shopkeepers, and retired tradesmen generally, the handicraftsmen and peasants — all these sink gradually into the proletariat, partly because their diminutive capital does not suffice for the scale on which modern industry is carried on, and is swamped in the competition with the large capitalists, [and] partly because their specialized skill is rendered worthless by new methods of production. Thus the proletariat is recruited from all classes of the population. . . .

The modern laborer, . . . instead of rising with the progress of industry, sinks deeper and deeper below the conditions of existence

¹ Socialists make extended use of the terms "proletariat" and "bourgeoisie." By proletariat Marx meant the class of modern wage-laborers, who, having no means of production of their own, are reduced to selling their labor power in order to live. By bourgeoisie is meant the class of modern capitalists, the owners of the means of production, and the employers of wage-earners.

of his own class. He becomes a pauper, and pauperism develops more rapidly than population and wealth. And here it becomes evident that the bourgeoisie is unfit any longer to be the ruling class in society and to impose its conditions of existence upon society as an over-riding law. It is unfit to rule because it is incompetent to assure an existence to its slave within his slavery, because it cannot help letting him sink into such a state that it has to feed him instead of being fed by him. Society can no longer live under this bourgeoisie; in other words, its existence is no longer compatible with society. . . .

The bourgeoisie as unfit rulers of "slaves."

76. The doctrine of class struggle¹ ¶

It is clear, from the foregoing selection, that Marx and Engels considered the interests of the working classes to be in opposition to those of the group which they call capitalistic. Indeed, they went further, and declared that all history is the record of struggles between various classes. This tendency to class struggle they attempted to trace historically, and to connect with the present-day antagonism between the "wage-slave" and the capitalist. In the following selection, Marx and Engels develop the idea of class struggle, and conclude that it must inevitably result in the forcible overthrow of capitalism by the working classes:

The doctrine of class struggle and its inevitable result.

The history of all hitherto existing society is the history of class struggles.

Universality of class struggle.

Freeman and slave, patrician and plebeian, lord and serf, guild-master and journeyman, in a word oppressor and oppressed, stood in constant opposition to one another, carried on an uninterrupted, now hidden, now open fight, that each time ended, either in the revolutionary reconstitution of society at large, or in the common ruin of the contending classes. . . .

Our epoch, the epoch of the bourgeois, possesses, however, this distinctive feature: it has simplified the class antagonisms. Society as a whole is more and more splitting up into two great hostile camps, into two great classes directly facing each other: bourgeoisie and proletariat. . . .

Class struggle under capitalism,

¹ From Karl Marx and Frederick Engels, *The Communist Manifesto*. London, 1848.

and the part played therein by the bourgeoisie.

The bourgeoisie, wherever it has got the upper hand, has put an end to all feudal, patriarchal, idyllic relations. It has pitilessly torn asunder the motley feudal ties that bound man to his "natural superiors," and has left remaining no other nexus between man and man than naked self-interest, callous, "cash payment." . . . It has resolved personal worth into exchange value, and in place of the numberless infeasible chartered freedoms, has set up that single, unconscionable freedom — free trade. In one word, for exploitation, veiled by religious and political illusions, it has substituted naked, shameless, direct, brutal exploitation. . . .

The proletariat destined to destroy the bourgeoisie.

The weapons with which the bourgeoisie felled feudalism to the ground are now turned against the bourgeoisie itself. But not only has the bourgeoisie forged the weapons that bring death to itself; it has also called into existence the men who are to wield those weapons — the modern working class — the proletarians. . . .

Early stages of the struggle.

The proletariat goes through various stages of development. With its birth begins its struggle with the bourgeoisie. At first the contest is carried on by individual laborers, then by the workpeople of a factory, then by the operatives of one trade, in one locality, against the individual bourgeois who directly exploits them. . . . At this stage the laborers still form an incoherent mass scattered over the whole country, and broken up by their mutual competition. . . .

The struggle becomes national.

Now and then the workers are victorious, but only for a time. The real fruit of their battles lies not in the immediate result but in the ever improved means of communication that are created in modern industry and that place the workers of different localities in contact with one another. It was just this contact that was needed to centralize the numerous local struggles, all of the same character, into one national struggle between classes. . . .

Function of the Communists.

In what relation do the Communists stand to the proletarians as a whole? . . . The immediate aim of the Communists is the same as that of all the other proletarian parties: formation of the proletariat into a class, overthrow of the bourgeois supremacy, conquest of political power by the proletariat. . . .

The call for revolution.

In short, the Communists everywhere support every revolutionary movement against the existing social and political order of things. . . .

The Communists disdain to conceal their views and aims. They

openly declare that their ends can be attained only by the forcible overthrow of all existing social conditions. Let the ruling class tremble at a Communistic revolution. The proletarians have nothing to lose but their chains. They have a world to win.

Workingmen of all countries unite!

77. Immediate aims of American socialism¹

Since the days of Marx socialism has broken up into a large number of groups, known under widely varying names, and professing principles which show considerable diversity. And yet the teachings of these various organizations are fundamentally the same. In every case the doctrines of Karl Marx constitute the basis of these teachings, and in every case the immediate aim is the same as that expressed by Marx: the abolition of society as it exists to-day. The following preamble to the constitution of the Socialist Party of America may be taken as typical of the immediate aims of American socialism:

Fundamental unity of purpose among the various socialist groups.

[This organization] is the political expression of the interests of the workers in this country, and is part of the international working-class movement.

Preamble to the constitution of the Socialist Party of America:

The economic basis of present-day society is the private ownership and control of the socially necessary means of production, and the exploitation of the workers who operate these means of production for the profit of those who own them.

The interests of these classes are diametrically opposed. It is the interest of the capitalist class to maintain the present system and to obtain for themselves the largest possible share of the product of labor.* It is the interest of the working class to improve their conditions of life and get the largest possible share of their own product so long as the present system prevails, and to end this system as quickly as they can.

The basis of class struggle.

In so far as the members of the opposing classes become conscious of these facts, each strives to advance its own interest against the other. It is this active conflict which we describe as class struggle.

The capitalist class, by controlling the old political parties, con-

¹ From the Socialist Party of America, Preamble to the National Constitution.

trols the powers of the State and uses them to secure and entrench its position. Without such control of the State its position of economic power would be untenable. The workers must wrest the control of the government from the hands of the masters and use its powers in the upbuilding of the new social order—the coöperative commonwealth.

The need
for politi-
cal and

The Socialist Party seeks to organize the working class for independent action on the political field, not merely for the betterment of their conditions, but also and above all with the revolutionary aim of putting an end to exploitation and class rule. Such political action is absolutely necessary to the emancipation of the working class, and the establishment of genuine liberty for all.

economic
organiza-
tion.

To accomplish this aim, it is necessary that the working class be powerfully and solidly organized also on the economic field, to struggle for the same revolutionary goal; and the Socialist Party pledges its aid in the task of promoting such industrial organization and waging such industrial struggle for emancipation.

The funda-
mental and

The fundamental aim of the Socialist Party is to bring about the social ownership and democratic control of all the necessary means of production—to eliminate profit, rent and interest, and make it impossible for any to share in the product without sharing the burden of labor—to change our class society into a society of equals, in which the interest of any will be the interest of all.

subordinate
aims of the
Socialist
Party of
America.

As subordinate and accessory to this fundamental aim, it supports every measure which better the conditions of the working class, and which increases the fighting power of that class within the present system.

78. Ultimate aims of American socialism¹

Lack of a
constructive
program
among
socialists.

The immediate aims of socialism are to secure the abolition of society as it exists to-day. In view of this fact, it is important to inquire into the constructive program of socialism, for it would obviously be unwise to destroy the present order without having ready a pretty well thought out system to substitute for it. Unfortunately, there is little or nothing in the way of a constructive

¹ From the United Communist Party, Statement of Principles. Adopted in convention, 1920.

socialist program. What is sometimes called a constructive program is generally nothing more than a socialist expression of desires, without any adequate proof of how these are to be attained. A fair sample of the ultimate aims of the socialists is the following statement by an American socialist group calling itself the United Communist Party:

Under capitalism the very development of higher productivity is inevitably accompanied by an intensification of the bondage and oppression of the workers. The machines invented to serve humanity have become the instruments for enslavement of the producing masses.

Socialist
desires
with re-
gard

[Socialism] will release all the productive energies for the common welfare of all the people. In place of profit as the animating impulse to production must stand the needs and enjoyments of the producing masses.

to produc-
tion,

The right and the obligation to labor — service toward the common enjoyment of all — this shall be the basis of citizenship under the [socialist] régime.

Education of the masses toward better social service and toward higher appreciation of the enjoyments of life is the foremost item in the [socialist] transformation. This education must go to the adult workers, who have so long toiled in darkness, as well as to all the children of the nation.

and educa-
tion.

Education under [socialism], as already in process of development in Russia, takes account of the physical welfare of the children along with their mental training. Under the blockade conditions compelling the rationing of food, it has been the children who have always been given the preference. Tens of thousands of children of the poor in the big cities have been fed on a communal basis. . . . The general educational system includes periods for all city children in the country, on the socialized agricultural estates, while the village children, in turn, will be brought periodically into the cities, and in this way education is made to include contact with every phase of the industrial, institutional and cultural life of the nation.

The ex-
ample of
bolshivism
in Russia.

Art, music, the stage — all the cultural advantages which have been held aloof for the enjoyment of the privileged few, and in their more vulgar forms have been used to deceive and cajole the masses — become [under socialism] the institutions of the working masses.

Art is thereby released from its prostitution to exploiting interests, and becomes imbued with new inspiration and vitality.

The
promise of
socialism.

In a word, the working class will have at its disposal all that civilization has thus far produced for the enhancement of individual and social life. The better organization of the industrial and social system can in a single generation, with the advanced technique and science of to-day, achieve more toward the eradication of disease, crime, depravity and superstition than has been accomplished in all the prior centuries together.

Questions on the foregoing Readings

1. What theory constitutes the basis of all socialist doctrine?
2. What great socialist leader recognized this fact?
3. What, in essence, is Marx's theory of value?
4. Explain what Marx means by "socially necessary" labor-time.
5. What is Marx's conclusion with regard to the labor theory of value?
6. What statement by Marx follows logically from his acceptance of the labor theory of value?
7. Explain how the laborer produces a surplus.
8. Explain how the capitalist secures this surplus produce.
9. What does Marx say as to wages under capitalism?
10. What does he mean by saying that the laborer is a slave?
11. Distinguish between the terms, "proletariat" and "bourgeoisie."
12. What classes of society, according to Marx, tend to sink into the proletariat?
13. What is the relation of history to the doctrine of class struggle?
14. What part have the bourgeoisie played in the class struggle?
15. What is the function of the laboring class with regard to the class struggle?
16. Explain the aims and methods of Communism (or socialism), as stated by Marx and Engels.
17. What group does the Socialist Party of America claim to represent?
18. For what purpose does this party urge the political and economic organization of the working class?
19. What is the fundamental aim of the Socialist Party of America?
20. What is the nature of the "constructive" program of socialism?
21. Outline the desires of the socialists with regard to production and education.
22. What claim is advanced by the United Communist Party with reference to the ability of socialism to improve the lot of humanity?

CHAPTER XIV

I

MILITANT SOCIALISM: THE I.W.W.

79. Why the I.W.W. organization was formed ¹

The letters I. W. W. are a convenient abbreviation which is used to designate a group of militant socialists calling themselves the Industrial Workers of the World. This socialist group was organized in Chicago in 1905, by a number of radicals who felt that the workers had little or nothing to gain from either trade unionism or political socialism. This point of view is illustrated in the following extracts from the manifesto which in 1905 called a convention to organize the Industrial Workers of the World:

Origin of
the I.W.W.

The worker, wholly separated from the land and the tools, with his skill in craftsmanship rendered useless, is sunk in the uniform mass of wage slaves. . . . Shifted hither and thither by the demands of profit-takers, the laborer's home no longer exists. In this hopeless condition he is forced to accept whatever humiliating conditions his master may impose. . . . Laborers are no longer classified by differences in trade skill, but the employer assigns them according to the machines to which they are attached. These divisions, far from representing differences in skill or interests among the laborers, are imposed by the employers that workers may be pitted against one another and spurred to greater exertion in the shop, and that all resistance to capitalist tyranny may be weakened by artificial distinctions.

The worker
reduced to
wage slav-
ery.

While encouraging these outgrown divisions among the workers, the capitalists carefully adjust themselves to the new conditions. They wipe out all differences among themselves and present a united front in their war upon labor. Through employers' associations, they seek to crush, with brutal force, by the injunction of the judi-

In the class
struggle,
the employ-
ers present
a united
front, while
the workers
are divided.

¹ From the Manifesto Calling a Convention to Organize the Industrial Workers of the World. Chicago, January, 1905.

ciary, and the use of military power, all efforts at resistance. . . . The employers' line of battle and methods of warfare correspond to the solidarity of the mechanical and industrial concentration, while laborers still form their fighting organization on lines of long-gone trade divisions.

An illustration of this lack of unity.

The battles of the past emphasize this lesson. The *textile* workers of Lowell, Philadelphia, and Fall River; the *butchers* of Chicago, weakened by the disintegrating effects of trade divisions; the *machinists* on the Santa Fe, unsupported by their fellow workers subject to the same masters; the long-struggling *miners* of Colorado, hampered by a lack of unity and solidarity upon the industrial battlefield, all bear witness to the helplessness and impotency of labor as at present organized.

The division of workers into a large number of trade unions has injurious results.

This worn-out and corrupt system offers no promise of improvement and adaptation. . . . This system offers only a perpetual struggle for slight relief within wage slavery. . . .

It shatters the ranks of the workers into fragments, rendering them helpless and impotent on the industrial battlefield.

Separation of craft from craft renders industrial and financial solidarity impossible.

Union men scab upon union men; hatred of workers for workers is engendered, and the workers are delivered helpless and disintegrated into the hands of the capitalists. . . .

Craft divisions foster political ignorance among the workers, thus dividing their class at the ballot box, as well as in the shop, mine and factory.

Craft unions may be and have been used to assist employers in the establishment of monopolies and the raising of prices. . . .

Previous efforts for the betterment of the working class have proven abortive because limited in scope and disconnected in action.

Universal economic evils afflicting the working class can be eradicated only by a universal working class movement. . . .

A movement to fulfill these conditions must consist of one great industrial union embracing all industries — providing for craft autonomy locally, industrial autonomy internationally, and working class unity generally.

It must be founded on the class struggle, and its general adminis-

The true solution of the workers' difficulties is one great industrial union,

tration must be conducted in harmony with the recognition of the irrepressible conflict between the capitalist class and the working class.

It should be established as the economic organization of the working class, without affiliation with any political party. . . .

founded on the class struggle, and non-political in character.

2 here

80. The I.W.W. declare war upon capitalism¹

In answer to the call for a convention to organize the Industrial Workers of the World, a number of anarchists, socialists, and radical trade unionists assembled in Chicago in the summer of 1905. This convention adopted a constitution and formally announced its intentions toward capitalism. These principles are stated in the preamble to the constitution of the I. W. W. in the following language:

The I.W.W. adopt a constitution.

The working class and the employing class have nothing in common. There can be no peace so long as hunger and want are found among millions of working people and the few, who make up the employing class, have all the good things of life.

The preamble declares for class war.

Between these two classes a struggle must go on until the workers of the world organize as a class, take possession of the earth and the machinery of production, and abolish the wage system.

We find that the centering of the management of industries into fewer and fewer hands makes the trade unions unable to cope with the ever growing power of the employing class. The trade unions foster a state of affairs which allows one set of workers to be pitted against another set of workers in the same industry, thereby helping defeat one another in wage wars. Moreover, the trade unions aid the employing class to mislead the workers into the belief that the working class have interests in common with their employers.

The trade union an enemy of the working-man.

These conditions can be changed and the interest of the working class upheld only by an organization formed in such a way that all its members in any one industry, or in all industries, if necessary, cease work whenever a strike or lockout is on in any department thereof, thus making an injury to one an injury to all.

The general strike favored.

Instead of the conservative motto, "A fair day's wages for a fair

¹ From the Industrial Workers of the World, "Preamble to the Constitution. Chicago, 1905.

The watchword of the I.W.W.

The mission of the working class.

day's work," we must inscribe on our banner the revolutionary watchword, "Abolition of the wage system."

It is the historic mission of the working class to do away with capitalism. The army of production must be organized, not only for the every-day struggle with capitalists, but also to carry on production when capitalism shall have been overthrown. By organizing industrially we are forming the structure of the new society within the shell of the old. . . .

81. The purpose of "mass action"¹

The Communist Party advocated methods similar to those of the I.W.W.

In addition to the I. W. W., there have existed in this country, generally for a short period only, other groups of industrial revolutionists. In 1919, for example, a group of radicals met in Chicago and organized the Communist Party. This group had much in common with the I. W. W., and openly approved some of the avowed methods of the latter organization. One of the organizers of the Communist Party, Dr. Maximilian Cohen, was examined in 1919 before the New York Joint Legislative Committee Investigating Seditious Activities. Dr. Cohen declared before this Committee that "the agricultural workers would organize and immediately take over the factory or the dairy just as they would take over an industry or a store or anything else." Being further questioned, he replied as follows:

One of the organizers of the Communist Party

Q. Instead of delivering it and selling it, they would deliver it to you people? A. Yes, exactly, to the strike committee, as they did in Seattle, and recently in Belfast. The strikers had enough organizing ability to see that the people did get that minimum amount necessary.

predicts chaos as a result of the class struggle,

Q. You mean to assume the government to the exclusion of the elected representatives? A. We are not interested at all in what Congress would do. . . . If capitalism is, as we believe it, on the verge of a breakdown in all countries, which brings with it a greater and greater discontent and a growing class consciousness among the unskilled workers, who are in the vast majority, and they will organize

¹ From the New York Joint Legislative Committee Investigating Seditious Activities, *Report*. Albany, 1920. Vol. I, pp. 876-881.

and listen to our propaganda, the time must necessarily come when a state of chaos is at hand. The workers and Soviets on one hand, and the constituent assemblies on the other hand, both wrestling for power. That will be the situation. Whether or not it will be orderly depends on you people, because we want to assume these organizations.

Q. But if there is any resistance? *A.* Well, you will show the resistance, we will not; you will fight to retain power and the workers will fight to wrest it away from you. . . . What you are trying to get from me is an admission that force will be necessary.

and defends
"mass
action."

Q. No, no; if you have any other way to do it, we would like to know your idea. *A.* The question of force does not rest with us. We base our philosophy on life itself — mass action. . . .

Q. What do you mean by social revolution? *A.* Social revolution means the overthrow of the existing system.

He defines
and sanc-
tions the
social rev-
olution.

Q. In what way? . . . *A.* Well, let us see, in Russia they made a raid on the — of course, they abolished all the constituent assemblies — but they raided the offices of the powers that be, and installed themselves, and immediately organized Red Guards to protect themselves in their newly found power.

Q. And you would approve of that method? *A.* Unquestionably. . . .

Q. And you expect to take all the institutions and all of the property of the capitalists? *A.* Communize it, nationalize it, immediately.

The present
owners of
property to
be dis-
possessed.

Q. Well, you mean take it away from the present owners and do what you please with it? *A.* Yes. . . .

Q. I certainly want to say that I want to express my personal respect for your frankness. *A.* I must be frank or be untrue to my principles. They are universal so far as those who hold those beliefs are concerned. If I were to get on the stand and say that I don't believe in a class war and in overthrowing the capitalist government, I would be lying. . . .

Q. Do you mean by that, ["capitalist system" or "capitalist government"], our present form of government as now constituted?

A. Exactly.

He seeks
the over-
throw of
the govern-
ment of the
United
States.

Q. That is a capitalistic government? *A.* Yes.

Q. And when you say that you want to abolish the capitalist

government, you mean the United States government? A. I mean the United States government in so far as the term applies to this country. If we are carrying on revolutionary propaganda in this country, we mean the overthrow of the United States government. . . .

82. The nature and purpose of sabotage¹

4

Scope of
the term
sabotage.

One of the chief weapons of the I. W. W. and of other groups of revolutionary unionists, is that of sabotage. This term is variously employed, being used to describe any sort of deliberate action on the part of workmen which results in the destruction of the employer's property. Owing to the frankness of I. W. W. leaders and sympathizers, it is possible to get a clear idea of the nature and purpose of sabotage as understood and applied by this type of socialist. In the following extract from the Report of the New York Joint Legislative Committee Investigating Seditious Activities, sabotage is explained and illustrated:

Vincent
St. John on
sabotage.

The frankest statement of the tactics and methods employed by the I. W. W. is to be found in the pamphlet of Vincent St. John, from which . . . we quote the following:

"As a revolutionary organization the Industrial Workers of the World aims to use any and all tactics that will get the results sought with the least expenditure of time and energy. The tactics used are determined solely by the power of the organization to make good in their use. The question of 'right' or 'wrong' does not concern us.

How the
I. W. W.
use the
strike and
sabotage.

"No terms made with an employer are final. All peace so long as the wage system lasts is but an armed truce. At any favorable opportunity the struggle for more control of industry is renewed. . . . No part of the organization is allowed to enter into time contracts with the employers. Where strikes are used, it aims to paralyze all branches of the industry involved, when employers can least afford a cessation of work — during the busy season and when there are rush orders to be filled. . . . Failing to force concessions from the employers by the strike, work is resumed and 'sabotage' is used to force employers to concede the demands of the workers. . . ."

¹ From the New York Joint Legislative Committee Investigating Seditious Activities, *Report*. Albany, 1920. Vol. 1, pp. 887-889.

It will be noted that the employment of sabotage is here frankly advocated. This term, (which though comparatively new, has become familiar), is somewhat hard to define. In attempting to define the word at the convention of the Socialist Party of America held in Indianapolis in May, 1912, Delegate Slaydon said as follows:

"Sabotage as it prevails to-day means interfering with the machinery of production without going on strike. It means to strike but stay on the payroll. It means that instead of leaving the machine the workers will stay at the machine and turn out poor work, slow down their work and in every other way that may be practicable interfere with the profits of the boss, and interfere to such extent that the boss will have to come around and ask, 'What is wrong? What can I do to satisfy you people?' "

Sabotage
described.

Sabotage is described rather than defined by Robert Hunter in his book entitled *Violence and the Labor Movement* . . . as follows:

"If a strike is lost, and the workmen return only to break the machines, spoil the products, and generally disorganize a factory, they are saboteurs. The idea of sabotage is that any dissatisfied workmen shall undertake to break the machine in order to render the conduct of industry unprofitable, if not actually impossible. It may range all the way from machine obstruction or destruction to dynamiting, train-wrecking, and arson." . . .

The scope
of sabotage.

83. Excerpts from the I. W. W. press¹

Propaganda by means of the printed page is one of the weapons of the I. W. W. Nothing more clearly illustrates the character of the movement than the I. W. W. press, the threefold object of which is to hearten the members of the organization, to win converts to I. W. W. doctrines, and to threaten or defy those whom they regard as their enemies. The following excerpts from various I. W. W. publications are typical:

The three-
fold object
of the
I. W. W.
press.

From the *New Solidarity*, Chicago, November 15, 1919.

"The oppressors are going mad, they feel the crash of the whole system of privilege and they do not know what they do. They are

Capitalism
demoralized.

¹ From the *New Solidarity*, Chicago, November, 1919; and *The One Big Union Monthly*, Chicago, June, August and November, 1919.

On with
the revolu-
tion!

willing to do any terrible thing before they pass into history. It is the duty of the class conscious workingmen of all nationalities to shorten the hours of the White Terror of the powers that be and bring nearer the emancipation of the toilers. Now is the time, all you Anarchists, Socialists, Communists, non-ists, all for the big drive! Let us hit the plutocrats and get rid of them!"

From the *New Solidarity*, Chicago, November 1, 1919.

"To the wage slaves of Germany, Proletarians of Germany, Fellow Workers: WE ARE WITH YOU IN CLASS CONSCIOUS SOLIDARITY AND REVOLUTIONARY FIGHTING SPIRIT! WITH YOU FOR THE LIBERATION OF THE WORKING CLASS! WITH YOU FOR THE WORLD REVOLUTION!"

From *The One Big Union Monthly*, Chicago, November, 1919.

The workers
oppressed.

"On the industrial field, the workers continue to be without a vote, just as they used to be on the political field. . . . We haven't got a single word to say in the deciding of the quantity and quality of what shall be produced, nor a single word to say as to the distribution of the products of labor. We have not a word to say in regard to wages, hours, or working conditions. Just as before the time of the political franchise we had no way of carrying out our will except political revolution or insurrection, so we have now, on the industrial field, no way of making our will felt except through industrial insurrections or so-called strikes, for the strike is fundamentally nothing else than an industrial insurrection."

From *The One Big Union Monthly*, Chicago, November, 1919.

Liberty is
practically
dead in the
United
States.

"Liberty is practically dead in this country. Courageous and daring truth speakers are either made harmless or are silenced, and the field of publicity is reserved solely for the criminal philosophy of profiteerdom. Rapacious 'business men' and gamblers are spreading themselves insolently with their platitudes and their criminal principles in the columns of the newspapers, and what they say is made to weigh as much as the word of God. These terrorists have bit the head off shame and turned morals upside down. Right is what agrees with the interests of these robbers; wrong is what is contrary thereto. The so-called 'intelligentzia,' consisting of professors, lawyers, journalists, physicians, priests, and others with a university education, have long ago been made so dependent that they no longer dare to speak the truth, and if they should do so, there

is no publicity given to it, for swindledom controls the whole big press."

From *The One Big Union Monthly*, Chicago, August, 1919.

"Of course, the farmer . . . considers it preposterous that anybody should propose to disturb him in the ownership of the land that he has himself conquered from the wilderness, bought for cold cash, or inherited from his family. But . . . the day will come when the farmer himself will prepare to surrender his title to the land to the people as a whole, represented by the agricultural organization, and place himself as a worker on the One Big United States farm, side by side with the men who now are organized in the Agricultural Workers Industrial Union of the I. W. W."

The farmer must give up his land.

From *The One Big Union Monthly*, Chicago, June, 1919.

"We are facing a revolution. The masters say that it will not come and that it must not come. . . .

Revolution at hand.

"Hoping for it or hoping against it, we are facing a revolution. . . .

"Up against the dykes comes the strong tidal wave of proletarian will to revolt.

"In spite of denials, of wails and curses, a creeping terror grips the masters' vitals.

The employers terrified.

"They are preparing in the shadow of deadly peril, in the mad panic of those who do not understand. . . . Their own terror bears testimony of the reality of the cataclysm in preparation. . . .

"Workers! Upon your shoulders rests the destiny of the future. Mankind looks for an iron pillar to lean against in the crucial times at hand. Get together in the One Big Union built on the rock bottom of modern production. It is up to you to subdue the mad dogs of capitalism and open the gates of freedom."

Mankind looks to the I. W. W. for liberation.

84. The call for a socialist revolution¹

The industrial revolutionists have found few adherents among the workingmen of the United States, and have had little effect upon public opinion in this country. This general failure cannot be attributed to the lack of an aggressive spirit in their organizations, for certainly these groups have been most active in urging

The secretly distributed handbill as a method of propaganda.

¹ From the American Anarchist Federated Commune Soviets, *Anarchist Soviet Bulletin*, New York, July, 1919.

sabotage, the general strike, and revolution. A favorite method of propaganda has been the use of secretly distributed handbills. Typical of these handbills is the "Anarchist Soviet Bulletin," issued by a group of the I. W. W. type, which, immediately after the World War, adopted the name of "The American Anarchist Federated Commune Soviets." One of the articles in the July, 1919, bulletin ran as follows:

Why the
Allies con-
tinued to
blockade
Russia.

. . . Do you WORKERS know the reason why the Allies are [going to continue to blockade Russia?] BECAUSE THE SUCCESS OF THE WORKERS' COMMUNE SOVIETS [the Russian bolsheviks during the period of the World War] MEANS THE BEGINNING OF THE DOWNFALL OF CAPITALISM ALL OVER THE WORLD! . . .

So, if capitalism through the allied governments has taken upon itself to crush the WORKERS' SOVIETS OF RUSSIA and bring back the rule of czardom, then it only shows that it is their final stand, in order to maintain their dying system, for they have taken up a war not only AGAINST THE WORKERS OF RUSSIA BUT AGAINST THE WORKERS OF THE WHOLE WORLD! . . .

What are you going to do about it? What is your answer to this challenge of capitalism? . . .

How to
stop this
hideous
crime.

What is needed, is not appeals to capitalism and its political tools to save that which it is to their interest to destroy. The only way to stop this hideous, heart-breaking, murderous crime against our fellow workers in Russia is for us to TAKE MATTERS INTO OUR OWN HANDS AND ACT QUICKLY! . . .

We must
act quickly!

We must act quickly! In our shops, mines, mills, and factories, in our unions, forums and societies, wherever the workers gather, this matter must be taken up. Let a ringing message echo around the world that the workers of America have called a General Strike, not only to block the attempt to revive the old czardom, but also to organize WORKERS' COMMUNIST SOVIETS in every center in America and begin to take over every industry in the country.

On with the
revolution!

Let our message to the Workers' Soviets of Russia be "KEEP UP YOUR COURAGEOUS BATTLE FOR FREEDOM! THE WORKING CLASS OF THE ENTIRE WORLD WILL SOON BE FIGHTING ON THE BARRICADES OF THE SOCIAL REVOLUTION AGAINST CAPITALISM, ITS AGENTS AND UPHOLDERS, THE GOVERNMENT, THE CHURCH AND THE PRESS.

WE THE WORKERS OF THE WORLD, HAVE COMMITTED A GREAT CRIME AGAINST YOU RUSSIAN WORKERS, BY REMAINING SILENT AND SUBMISSIVE, BUT NOW WE WILL SUBMIT AND KEEP SILENT NO LONGER! WE WILL BEGIN TO ACT NOT ONLY TO SAFEGUARD YOUR FREEDOM BUT ALSO TO FREE OURSELVES!

Workers of America! Unite into Workers' Soviets everywhere, get ready to respond to the call of the GENERAL STRIKE THROUGHOUT THE COUNTRY, for that great day will mark the beginning of the social revolution. The Workers' Soviets of Russia shall never be destroyed!

Get ready
for the
general
strike.

Their destruction means our continuation in slavery!

Their victory means our liberation and the liberation of the workers of the World!

Therefore we call upon the WORKERS OF ALL COUNTRIES AND UPON THE WORKERS OF AMERICA TO ACT! AND ACT AT ONCE!!

Act at
once!

Questions on the foregoing Readings

1. When and why was the I. W. W. organization formed?
2. What attitude was expressed toward trade unionism in the manifesto calling a convention to organize the I. W. W.?
3. What does the preamble to the constitution of the I. W. W. say about class struggle?
4. What revolutionary watchword was to be inscribed on the banner of the I. W. W.?
5. Who was Dr. Maximilian Cohen?
6. Outline the views of this man with regard to "mass action" and the social revolution.
7. What opinion did Dr. Cohen express with regard to the government of the United States?
8. Define sabotage.
9. Outline the statement of Vincent St. John with respect to sabotage.
10. How does Robert Hunter describe sabotage?
11. What is the threefold object of the I. W. W. press?
12. What message did the *New Solidarity* convey to the working classes of Germany in 1919?
13. What opinion was expressed in the November, 1919, issue of *The One Big Union Monthly*, as to liberty in this country?
14. What prophecy was contained in the August, 1919, issue of *The One Big Union Monthly* with respect to the farmer and land ownership?

15. What is a favorite method of advocating sabotage, the general strike, and revolution?
16. Outline the contents of the *Anarchist Soviet Bulletin* for July, 1919, with respect to the general strike and the social revolution.

CHAPTER XV

MILITANT SOCIALISM: THE BOLSHEVISTS

T

85. Socialism is established in Russia ¹

Ever since the days of Karl Marx socialists the world over had been agitating for the "social revolution." This revolution came in Russia in 1917. On November 7 of that year the reins of government were seized by a group of socialists calling themselves "communists," but better known as "bolshevists." On July 10, 1918, the bolshevists adopted a constitution, which began with the following declaration of rights:

At last the social revolution.

A. ARTICLE ONE. DECLARATION OF RIGHTS OF THE LABORING AND EXPLOITED PEOPLE

Chapter One

1. Russia is declared to be a Republic of the Soviets of Workers', Soldiers', and Peasants' Deputies. All the central and local power belongs to these Soviets.

Russia declared to be a Soviet Republic.

2. The Russian Soviet Republic is organized on the basis of a free union of free nations, as a federation of Soviet national republics.

Chapter Two

3. Bearing in mind as its fundamental problem the abolition of the exploitation of men by men, the entire abolition of the division of the people into classes, the suppression of exploiters, the establishment of a socialist society, and the victory of socialism in all lands, the Third All-Russian Congress of Soviets of Workers', Soldiers', and Peasants' Deputies further resolves:

The Congress of this Soviet Republic

(a) For the purpose of attaining the socialization of land, all private property in land is abolished, and the entire land is declared

¹ From the Russian Socialist Federated Soviet Republic, *Constitution*, Article I, Chapters I and II.

declares
abolished
the private
ownership
of land.

Other
industrial
resources
are also
declared to
be national
property.

Declarations
with regard
to loans

and banks.

A Socialist
Red Army
and its
purpose.

to be national property and is to be apportioned among agriculturists without any compensation to the former owners, in the measure of each one's ability to till it.

(b) All forests, treasures of the earth, and waters of general public utility, all equipment whether animate or inanimate, model farms and agricultural enterprises, are declared to be national property.

(c) As a first step toward complete transfer of ownership to the Soviet Republic of all factories, mills, mines, railways, and other means of production and transportation, the Soviet law for the control by workmen and the establishment of the Supreme Soviet of National Economy is hereby confirmed, so as to insure the power of the workers over the exploiters.

(d) With reference to international banking and finance, the Third Congress of Soviets is discussing the Soviet decree regarding the annulment of loans made by the Government of the Czar, by landowners and the bourgeoisie, and it trusts that the Soviet Government will firmly follow this course until the final victory of the international workers' revolt against the oppression of capital.

(e) The transfer of all banks to the ownership of the Workers' and Peasants' Government, as one of the conditions of the liberation of the toiling masses from the yoke of capital, is confirmed.

(f) Universal obligation to work is introduced for the purpose of eliminating the parasitic strata of society and organizing the economic life of the country.

(g) For the purpose of securing the working class in the possession of complete power, and in order to eliminate all possibility of restoring the power of the exploiters, it is decreed that all workers be armed, and that a Socialist Red Army be organized and the propertied class disarmed.

86. The suffrage under bolshevism ¹

2

The bol-
shevist
constitution
limited the
suffrage

One accepted index to the political character of a nation is the extent to which the adult population of that nation enjoy the right to vote. A century and a half ago, it was generally true that the masses of the people had relatively little control over the conduct

¹ From the Russian Socialist Federated Soviet Republic, *Constitution*, Article IV, Chapter XIII.

of their government; more recently, however, the steady spread of democracy has markedly extended the suffrage. The plea of some socialists has long been for an even greater control of government by the masses, yet the Russian socialists definitely and unqualifiedly excluded important classes of the population from the suffrage. The following excerpts from the bolshevist constitution illustrate the attitude of the Russian socialists toward the suffrage:

Chapter Thirteen

64. The right to vote and to be elected to the Soviets is enjoyed by the following citizens of both sexes, irrespective of religion, nationality, domicile, etc., of the Russian Socialist Federated Soviet Republic, who shall have completed their eighteenth year by the day of election:

to certain enumerated groups,

(a) All who have acquired the means of livelihood through labor that is productive and useful to society, and also persons engaged in housekeeping which enables the former to do productive work, *i.e.*, laborers and employees of all classes who are employed in industry, trade, agriculture, etc., and peasants and Cossack agricultural laborers who employ no help for the purpose of making profits.

(b) Soldiers of the army and navy of the Soviets.

(c) Citizens of the two preceding categories who have in any degree lost their capacity to work.

65. The following persons enjoy neither the right to vote nor the right to be voted for, even though they belong to one of the categories enumerated above, namely:

while a number of important classes were specifically denied the ballot.

(a) Persons who employ hired labor in order to obtain from it an increase in profit.

(b) Persons who have an income without doing any work, such as interest from capital, receipts from property, etc.

(c) Private merchants, trade and commercial brokers.

(d) Monks and clergy of all denominations.

(e) Employees and agents of the former police, the gendarme corps, and the Okhrana (Czar's secret service), also members of the former reigning dynasty.

(f) Persons who have in legal form been declared demented or mentally deficient, and also persons under guardianship.

(g) Persons who have been deprived, by a Soviet, of their rights of citizenship because of selfish or dishonorable offenses, for the period fixed by the sentence.

87. Lenin defends the dictatorship of the proletariat¹

Shortly after the promulgation of the bolshevist constitution, Lenin and Trotzky, the two bolshevist leaders, established a dictatorship of the proletariat. This amounted to a despotic control of the masses of the people by a small group of bolshevists, maintained in power by armed force. Under this dictatorship, socialism was applied on a nation-wide scale. The system of private property was abolished, the capitalist and employing classes were deprived of their holdings, and the industrial equipment of the nation was turned over to the bolshevist workmen. That the socialist experiment might be free from hindrance, the bolshevists suppressed freedom of assemblage, freedom of the press, and other privileges which might operate to bring the great experiment to an unsuccessful conclusion. Early in March, 1919, Lenin defended these measures in the following language:

. . . History teaches that no oppressed class has ever come into power and cannot come into power, without passing through a period of dictatorship, that is, the conquest of power and the forcible suppression of the most desperate and mad resistance, who does not hesitate to resort to any crimes, such as always has been shown by the exploiters. The bourgeoisie . . . has won power in the progressive countries at the price of a series of uprisings, civil wars, forcible suppression of kings, feudal lords, and slave owners, and of their attempts at restoration. The socialists of all countries, in their books and pamphlets, in the resolutions of their congresses, in their propaganda speeches, have explained to the people thousands and millions of times the class character of these bourgeois revolutions, and of this bourgeois dictatorship.

Therefore the present defense of bourgeois democracy in the form of speeches about "democracy in general," and the present wails and shouts against the dictatorship of the proletariat in the form

¹ From Nickolai Lenin, as reported in the *Petrograd Pravda*, March 8, 1919.

Lenin and Trotzky established a dictatorship of the proletariat.

In defending this dictatorship, Lenin declared

it to be a normal and familiar stage in historical development.

of wails about "dictatorship in general," are a direct mockery of socialism, and represent in fact going over to the bourgeoisie and denying the right of the proletariat to its own proletarian revolution, and a defense of bourgeois reformism, precisely at the historic moment when bourgeois reformism is collapsing the world over, and when the war has created a revolutionary situation. . . .

He chides the milder socialist groups for pointing out the undemocratic character of the dictatorship.

"Freedom of meeting" may be taken as an example of the demands for "pure democracy." Any conscious workman who has not broken with his own class will understand immediately that it would be stupid to permit freedom of meeting to exploiters at this period, and under the present circumstances, when the exploiters are resisting their overthrow, and are fighting for their privileges. . . .

"Freedom of press" is also one of the main arguments of "pure democracy," but again the workmen know that the socialists of all countries have asserted millions of times that this freedom is a fraud so long as the best printing machinery and the largest supplies of paper have been seized by the capitalists, and so long as the power of capital over the press continues. . . . In order to secure actual equality and actual democracy for the toilers, for workmen and peasants, one must first take from capitalists the possibility of hiring writers, of buying up publishing houses, of buying up newspapers, and to this end must overthrow the yoke of capital, overthrow the exploiters, and put down all resistance on their part. . . .

Lenin on freedom of the press.

The essence of the Soviet authority consists in this, that the permanent and sole basis of all State authority, of the entire apparatus of government, is the mass organization precisely of those classes which were oppressed by capitalism, that is, of the workmen and of the half-proletarians (peasants who did not exploit the labor of another and constantly had to sell at least a portion of their labor strength). Precisely those masses (which even in the most democratic bourgeois republics had equal rights before the law, but in fact were deprived of participation in the political life of the country, and [were also deprived of democratic rights and liberties] by thousands of tricks and traps . . .) are now brought into constant and actual . . . participation in the democratic administration of the State. . . .

The essence of Soviet authority.

88. Aims of bolshevist propagandists abroad ¹

The bolshevists set out to foment world revolution.

The bolshevists were no sooner in power in Russia than they began to urge to revolution the various radical groups in other countries. In this attempt to foment international revolution, the bolshevist authorities issued numerous statements and proclamations. In the summer of 1919, for example, the bolshevist government issued the following instructions to its agents in foreign countries:

The work of bolshevist propagandists in the domain of international relations,

The work of bolshevist organization in foreign countries is regulated as follows:

1. In the domain of international relations:

(a) Assist all chauvinistic measures and foster all international discords.

(b) Stir up agitation that may serve to bring on industrial conflict.

(c) Try to assassinate the representatives of foreign countries.

(Thanks to these methods, interior discords and coups d'état will occur, such agitation working to the advantage of the social democratic party.)

in the field of internal politics,

2. In the domain of internal politics:

(a) Compromise by every possible means the influential men of the country; attack people in office; stir up anti-government agitation.

(b) Instigate general and particular strikes; injure machinery and boilers in factories, spread propaganda literature.

(Thanks to these methods, destruction of government and the seizure of power will be facilitated.)

in the economic sphere,

3. In the economic sphere:

(a) Induce and sustain railroad strikes; destroy bridges and tracks; do everything possible to disorganize transport.

(b) Interfere with and prevent if possible the transport of food supplies into the cities; provoke financial troubles; flood the markets with counterfeit bank notes, appoint everywhere special committees for this work.

¹ From the Russian Socialist Federated Soviet Republic, "General Instructions to Foreign Agents," issued in 1919.

(In this way economic disorganization will bring its inevitable catastrophe and the resulting revolution against the government will have the sympathy of the masses.)

4. In the military sphere:

(a) Carry on intensive propaganda among the troops. Cause misunderstandings between officers and soldiers. Unite the soldiers to assassination of the higher officers.

and in the field of military activity.

(b) Blow up arsenals, bridges, tracks, powder magazines. Prevent the delivery of supplies of raw materials to factories and mills.

(Thus the complete destruction of the army will be accomplished and the soldiers will adopt the program of the social democratic workers.)

89. The suicide letter of a bolshevist¹

5

From the moment that they came into power (November 7, 1917), the bolshevists adopted measures which were admittedly violent and undemocratic. The bolshevist leaders believed that these measures were necessary in order to establish socialism in Russia. They believed, too, that the benefits of socialism would appear so quickly and in such abundance that the rigors of the "transition period" would appear trivial and uninfluential in comparison. But despite the efforts of the authorities, applied socialism worked so badly that even some of its most ardent supporters began to suspect that it was a mistaken scheme. On April 24, 1919, N. Lopoushkin, a prominent bolshevist official in Kirsnov, Russia, wrote a letter to the Central Soviet of Workmen's Deputies at Moscow, expressing his conviction that socialism was a failure. After writing this letter, he committed suicide. The letter follows:

The suspicion that socialism in Russia was a failure

My colleagues of the Kirsnov Soviet are writing to tell you that I am no longer fit to hold the position of President of the Soviet, that I am a counter-revolutionary, that I have lost my nerve, and am a traitor to our cause. Perhaps they are right — I only wish I knew. . . .

expressed by a bolshevist official.

Speaking frankly, we are, in my opinion, on the brink of a terrible

¹ From J. Landfield, "A Commissar Disillusioned." *The Review*, October 4, 1919.

disaster, which will leave its imprint, not only upon socialism, but upon our nation for centuries, a disaster which will give our descendants the right to regard us bolshevists at the best as crazy fanatics, and at the worst, as foul imposters and ghastly muddlers, who murdered and tortured a nation for the sake of an unattainable Utopian theory, and who in our madness sold our birthright amongst the peoples for less than the proverbial mess of pottage.

The reasons
for his
despair:

murder,
license,

famine,
torture,
terror,
and utter
misery.

The author-
ities de-
moralized.

Bolshevism
hated by
the people
it sought to
uplift.

All around me, wherever I look, I see unmistakable signs of our approaching doom, and yet no one responds to my appeals for help; my voice is as the voice of one crying in a wilderness. In the towns I have just come from, chronic hunger, murder, and the license and libertinage of the criminal elements, who undoubtedly hold numerous executive positions under our Soviets, have reduced the population to the level of mere brute beasts, who drag out a dull, semi-conscious existence, devoid of joy in to-day, and without hope for the morrow.

Surely this should not be the result of the earthly Paradise which the Soviets were to introduce into our lives. Nor did I find the position any better on the railways. Everywhere a people living under the dread of famine, death, torture, and terror, everywhere groaning and utter misery. My countrymen, whom I love, and whom I had hoped to assist to render happy above all nations, look at me either with the mute uncomprehending eyes of brutes condemned to slaughter, or else with the red eyes of fury and vengeance. . . .

Speculation is rife amongst even the humble inhabitants in the country villages, who have forced a lump of sugar up to four roubles, and a pound of salt up to forty roubles. And the bolshevist militia and the Soviets? When they are called upon to deal with various infringements of the bolshevist decrees, they either try to get out of taking action altogether, or else they pretend that there is insufficient evidence to commit for trial. . . .

No member of the Red Guard dare risk his life by returning to his native village, where his father would be the first to kill him. I maintain that there must be something wrong with a régime which has aroused such universal hatred, in such a comparatively short time; and amongst whom? Amongst the very class it strove to uplift, to free, to benefit, and to render happy. . . .

I feel tired and depressed. I know that the Red Terror was a

mistake, and I have a terrible suspicion that our cause has been betrayed at the moment of its utmost realization.

Yours in fraternal greeting,

N. LOPOUSHKIN

90. The bolshevists return to the capitalistic system¹

The conditions to which Lopoushkin had called attention were meanwhile impressing themselves upon the minds of other bolshevist officials. At length even Lenin was convinced that only a return to capitalistic methods would save the country from ruin. Accordingly, free initiative and open competition in certain forms of trade were allowed. The socialization of railroads, mills and natural resources was halted. Land was again cultivated under the wage system. By the end of 1919 the essential features of capitalism had been accepted by Lenin and Trotzky, the bolshevists continuing in power as a despotic group which maintained its authority by armed force. On August 9, 1921, Lenin issued an important decree, in which he paved the way for a more complete abandonment of socialism. The following are excerpts from a press report of the contents of this document:

6
Lenin accepts the essential features of capitalism before the end of 1919.

In 1921 he gives

[The decree states that the bolshevist government] must take most energetic measures to save the situation, which can be done only by carrying out in a firm and businesslike way the following instructions and directions with regard to the new economic policy. . . .

Section 3 [of the decree] sets forth four reasons which led to the abandonment of the old policy. They were: first, the vast number of enterprises which the State attempted to direct without having adequate supplies of food and material; second, the confusion of powers and handling of supplies which resulted in "too much red tape, cross instructions and irresponsibility"; third, the fact that "with such methods of supply and with the methods of remuneration of labor those engaged in production were not and could not be interested in the work or in improvement of the methods of production"; fourth, the war and the extreme exhaustion of Russia.

his reasons for still further abandoning socialism,

Section 4 runs thus: "In order to prevent the further deterioration and admits

¹ From the *New York Times*, "Lenin Gives Reasons Why Policy Failed." August 14, 1921. Section 1, page 2.

the necessity of a new policy, in which socialist activities are to be restricted,

while industry is to be directed more and more in accordance with capitalist methods.

A further concession.

Socialist principles with respect to trade and the monetary system are abandoned.

of national life it is necessary to remodel this life on the following lines:

"The State . . . will concentrate under its direct management certain branches of production and a certain number of great enterprises of national importance and their auxiliaries. Such establishments shall be conducted on strict economic principles. The Supreme Economic Council and its subordinates shall be allowed to start and conduct enterprises only when there is assurance of sufficient materials, money, etc. . . ."

Section 5 says that the establishments and enterprises not included in the above groups shall be leased to coöperatives, commercial companies and other collective bodies, and to private individuals, according to a decree governing such leases. It adds that "Soviet institutions shall take most energetic steps to lease such establishments as cannot now be conducted by the Soviet economic organizations or are being conducted without success, in order to relieve the strain of the State machinery."

Section 6 provides for shutting down the establishments which are not leased or which the State decides not to run, and the distribution of the better workers among the other establishments.

Section 7 emphasizes the importance of small industries as auxiliary to State industry and peasant agriculture, and adds: "It has been thought necessary to create conditions in which State industrial workers and artisans may normally develop production and enjoy the free disposal of the fruits of their work." . . .

Section 10 . . . is perhaps the most revolutionary of all. It says: ". . . To resuscitate the national economic life, it is necessary to develop free commercial intercourse between town and country, and in particular to revise the monetary system. Therefore, measures must be taken not only to develop goods exchange as medium of local trade, but also to inaugurate within the limits of possibility and expediency the circulation and use of money as a means of exchange." . . .

Questions on the foregoing Readings

1. When did the bolsheviks seize the reins of government in Russia?
2. When was the bolshevist constitution adopted?

3. Summarize the principles expressed in Article One, Chapter Two, of the bolshevist constitution.
4. What classes of citizens were allowed to vote under the bolshevist régime?
5. Name some groups of individuals which were excluded from the suffrage.
6. Define the "dictatorship of the proletariat" as applied by the bolshevists.
7. Why did the bolshevists suppress the freedom of meeting and other similar safeguards to the liberty of the individual?
8. In what terms did Lenin defend the dictatorship of the proletariat?
9. Why did he consider "freedom of meeting" impossible under bolshevism?
10. What was Lenin's attitude toward freedom of the press?
11. What, according to Lenin, was the essence of Soviet authority?
12. What did the bolshevists urge upon radical groups in countries other than Russia?
13. Outline the work of bolshevist propagandists in foreign countries with regard to international relations.
14. How were bolshevist propagandists instructed to act with regard to the internal politics of foreign countries?
15. Outline the aims of bolshevist propagandists "in the economic sphere."
16. What were to be the aims of bolshevist propagandists "in the military sphere"?
17. Give the chief reason why the bolshevist official, Lopoushkin, feared for the future of bolshevism.
18. What, according to this man, were the general effects of bolshevism in Russia?
19. What were some of the earlier steps taken by Lenin in the matter of a return to capitalistic methods?
20. What is the importance of the decree issued by Lenin on August 9, 1921?
21. Give the four reasons why the socialist policy of the bolshevists was abandoned.
22. To what extent did the decree of August 9, 1921, provide for private control of production?
23. To what extent did this decree provide for the application of capitalistic methods to commercial intercourse and the monetary system?

CHAPTER XVI

THE CASE AGAINST SOCIALISM

91. The labor theory of value is untrue¹

Importance
of disprov-
ing the
labor theory
of value.

The most striking proof of the untrustworthiness of socialism is the fact that the whole socialist doctrine is based upon false principles. We have seen that socialism is founded primarily upon the labor theory of value. If the labor theory is disproved, therefore, the chief stone is removed from the foundation of socialism. In the following extract, Professor Le Rossignol explains why the labor theory of value is untrue:

This theory
does not
account for
the value of
land,

[The labor theory of value, or the labor-cost theory, as it is often called], certainly does not account for the value of land, particularly of unimproved city lots. Such land can be exchanged for cotton, wheat, hats, silver, or gold, and must, therefore, have some property in common with them all, which is the cause and measure of its value. But it cannot be labor-cost, for land is a product of nature. . . .

nor for the
value of
commodities
in the nar-
row, Marx-
ian sense.

When we come to commodities in the narrow, Marxian sense of that word, we find innumerable exceptions to the supposed law that "commodities in which equal quantities of labor are embodied, or which can be produced in the same time, have the same value." Old coins, stamps, manuscripts, autographs, birds' eggs, fossils, and the thousand and one objects dear to the heart of collectors, are surely to be classed as commodities, although there is no discoverable relation between their market value and their cost of product as measured in labor-time. What was the labor-cost of the Sistine Madonna? What would be its cost of reproduction? What is the labor-cost of a rare stamp or coin? How much "congealed labor" is there in the egg of that extinct bird, the Great Auk, which sold some years ago for the enormous sum of \$1200. On the other hand, how many hours

¹ From James Edward Le Rossignol, *Orthodox Socialism*. T. Y. Crowell & Co., New York, 1907; pp. 15, 17-20.

of human labor did it cost to build the pyramids, how many sighs and tears and drops of blood, and what is their intrinsic value to-day?

The works of authors, artists, and inventors are commodities in the strictest sense of that word, and yet their market value has no definite relation to the labor-time spent in their production. A popular novelist may receive \$50,000 from the sale of a book written in six months, while his less fortunate brother, after spending six years of unrequited toil, must publish his book at his own expense. . . . He has not been able to produce a work of social necessity; therefore his labor-time is wasted, and does not determine the value of the product. . . .

The theory does not explain the value of the works of authors, artists and inventors.

Commodities subject to the caprice of fashion quickly lose their value when their usefulness is gone, no matter what their cost of production or reproduction. . . .

Every farmer knows that the labor-cost theory fails to explain the value of agricultural produce. On some lands wheat may be grown at a cost of 50 cents a bushel; on poorer lands at 75 cents, \$1, or \$1.25, and yet the total supply, produced at various costs, may be sold on the same market at \$1 a bushel. This law of varying costs applies to the production of all raw materials: grain, meat, leather, cotton, wool, sugar, lumber, iron, clay, gold, silver, and the rest, because of the fact that land of the best quality is limited in quantity. In fact, the land-cost of these commodities has as much to do with their value as their labor-cost. But neither land-cost, labor-cost, or capital-cost can be regarded as of prime importance in determining the value of the product, which is due first of all to utility, or the power which commodities have to satisfy human wants.

It fails to explain the value of agricultural produce.

Finally, the value of staple manufactured articles, factory products, such as cotton and woollen goods, boots and shoes, refined sugar, and steel rails, is not determined chiefly by their labor-cost. In the first place, the value of the raw material of which they are composed is not so determined. In the second place, their value as finished products is not determined solely by cost, which limits supply, nor by utility, which controls demand, but by both of these factors together. Utility and cost are the two factors which determine value, and of these utility is chief.

The value of staple manufactured goods

is not explained by the labor theory of value,

as the business man knows.

The business man, whose profits arise from an excess of revenue over expenditure, and whose losses come from an excess of expenditure over revenue, knows well that the value of his goods depends as much upon the demand of the market as upon cost of production to himself or his competitors. What he must first of all do is to supply an article which will satisfy some human want, otherwise he will not be able to sell. A useless article has no exchange value, no matter how great its cost. . . .

92. The laborer does not produce all wealth¹

We must reject Marx's statement that the laborer produces all wealth.

From the above extract it is clear, not that commodities have value in proportion as labor has been expended upon their production, but that they have value according as they possess utility and are scarce. The labor-theory of Marx is, therefore, untrue. From this it follows that we must also reject Marx's statement that the laborer produces all wealth. If some commodities are valuable, *i.e.* constitute wealth, without regard to the amount of labor expended upon them, then some wealth is created by some other agency or influence than labor acting alone. In the following extract Mr. Brasol attempts to substantiate this theoretical conclusion by reference to practical conditions:

How socialism interprets the word "labor."

The erroneous assertion of Marx and his followers that labor is the sole producer of wealth becomes still more accentuated when we remember that the term "labor" in socialist theories is always connected with the proletarian class. In other words, the formula that labor is the sole producer of wealth, in the socialist's conception, must read as follows: "*Manual* labor is the sole producer of wealth."

Considering this dogmatic premise in relation to the problem of erecting a modern office-building, the following can be remarked:

Five hundred masons and five hundred carpenters, summoned to erect the Woolworth building, would be unable to cope with this task. The erection of a Woolworth building requires the knowledge and services of an architect, an engineer, a chemist, and a technologist.

The need for expert direction of the workman.

¹ From Boris L. Brasol, *Socialism versus Civilization*. Chas. Scribner's Sons, New York, 1920; pp. 64-69.

Those experts, who do not belong to labor in the Marxian sense, are as indispensable to the erection of a modern building as the carpenter and the mason. In one sense the expert is even more indispensable than the manual workman, because the latter can be replaced by the former, while the contrary is not true. The manual workman is unable to direct the activities of the expert, whereas the expert always directs the activities of the manual workman. . . .

Therefore, contrary to Marx's affirmation, we must realize that modern production is the result, not of two factors — labor and capital, the latter being but crystallized labor — but of at least four factors, namely, physical elements, labor in the limited sense of manual labor, mental labor of the expert and the manager, and capital. . . .

Not two, but four factors are involved in production.

Thus, economic practice proves that production is by no means the result of only two factors referred to by Marx, namely, labor and capital. *Production is a process by which business ability directs the application of both mental and manual labor to the physical elements of capital.*

Thus, we are logically compelled to repudiate Marx's assertion that labor is the sole producer of commodities. Moreover, recent socialist writers, even those of the most radical type — such as Mr. Hillquit — have admitted that Marx's assertion is wrong. In this connection Mr. Hillquit stated as follows: "It requires no special genius to demonstrate that all labor is not alike nor equally productive. It is still more obvious that common manual labor is impotent to produce the wealth of modern nations — that organization, direction, and control are essential to productive work in the field of modern production and are just as much a factor in it as mere physical effort."

The confession of Mr. Hillquit

This is a good confession, but unfortunately Mr. Hillquit and his colleagues, both in Europe and in the United States, have never endeavored to make this point clear in the workmen's minds. On the contrary, whenever a socialist writer or a bolshevist agitator appeals to labor directly, we always hear the old tune of the Marxian song, to the effect that labor is the sole producer of wealth, that capital is nothing but crystallized labor, and that "all wealth is due to labor, therefore, to the laborer all wealth is due."

His failure to circulate it among the working classes.

Such tactics are indeed mere hypocrisy. Notwithstanding all

Insistence of socialists upon the labor theory of value.

the concessions which the more recent socialist writers had to make to the opponents of socialism, they still profess to believe that manual labor possesses the magic faculty of producing everything without the assistance of anybody or anything. Therefore, when it came to put the Marxian theory into practice, Mr. Trotsky did not hesitate . . . to exterminate in the most brutal manner some fifty per cent of the Russian railroad engineers and skilled workmen.

Interdependence of the factors of production.

It is a characteristic feature of modern production that no individual social group can produce commodities without the material, physical, or intellectual support of other social groups, so that all those social groups combined form the productive part of the population. Thus, modern production is based upon the coöperation of various social groups. The moment this coöperation has ceased, the whole process of production must necessarily break down, or at least experience a serious disturbance. . . .

93. The masses are not reduced to wage slavery¹

The predictions of Marx have not come true.

Both Karl Marx and his followers have exaggerated the extent to which the masses of the people were being reduced to "wage slavery." The impression given by socialists is that the great majority of individuals are miserable wage slaves, while all of the good things of life are controlled and utilized by a relatively small class of "capitalists." Marx predicted that as time went on the class of wage slaves would grow larger and more miserable, while the middle classes would tend to disappear, leaving a small group of exploiters in control of most wealth. These predictions have not come true. The industrialization of the country is increasing the number of wage-earners, but instead of sinking into misery, these groups are increasingly prosperous. The middle classes are not disappearing, but are growing. Legislation is checking the concentration of wealth in the hands of a few. The following extracts from a statistical study by Alvin H. Hansen demonstrate the falsity of the statement that the masses of the people are reduced to wage slavery:

¹ From the American Statistical Association, *Quarterly Publication*. New York. Vol. xvii, December, 1920; pp. 421-422.

TABLE III

	1870	1880	1890	1900	1910
Urban upper and middle class.	10.4	11.4	15.1	16.2	19.2
Rural group	47.1	43.7	36.8	35.0	32.4
Urban workers	34.4	36.6	38.8	40.3	42.3
Unclassified	8.1	8.2	9.3	8.5	6.0

The increasing industrialization of the country.

The increasing industrialization of the country and the relatively declining importance of agriculture are indicated in Table III. Here the gainfully employed population is grouped under three categories, if we omit from our consideration that portion designated as unclassified.

The composition of the three groups

The first group includes the proprietors and officials, the lower salaried and professional classes. It is the "white collar" urban population, not all even moderately well circumstanced, but constituting on the whole the middle and upper urban class.

The second group is composed of all gainfully employed agriculturists — the farmers, tenants, and farm laborers. This group represents what remains of the old type of American individualists. The industrious and frugal tenant in most cases still becomes in time, though with increasing difficulty, a farm owner. The farm laborer, with the exception of the relatively migratory class, hopes to save enough to set up as an independent tenant. Getting on is still largely a matter of individual push and initiative. True, the problems of organization and control of markets loom larger and larger, but the road to independence and advancement is still open, even though it is not so easy and broad as before.

enumerated in Table III.

The third class is composed of urban workers — the industrial wage-earners and servants. They are for the most part shut up in the wage system. If they are to better their condition they must do so not by way of escape to something else, but by improvement of their lot as wage-workers.

The farming group is being increasingly cut into on one side by the business, salaried and professional group, and on the other side by the industrial wage-earners. The relative growth of the former

Decline in the size of the farming group.

group would seem to be a healthy sign, but it should be noted that a large part of this growth, nearly a half, in fact, is due to the rapid increase of the lower salaried employees, whose position is certainly not very desirable. Further than that, not only is the rural group declining in relative importance, but within that group itself the opportunities for advancement are narrowing down, as has already been shown, because of the encroachment of tenants and farm laborers upon the farm-owning class.

38 % of our
gainfully
employed
population
are still in-
dependent.

Yet in spite of these tendencies it is surprising to find what a large proportion of the gainfully employed population are business men, farmers and professional men. [The following table] shows that in 1910 about 38 per cent still belonged to this independent class:

TABLE IV

	1870	1880	1890	1900	1910
Proprietary and independent class.....	44.3	43.3	41.5	39.6	37.9
Rural and urban working class..	47.6	48.4	49.2	51.9	56.0
Unclassified.....	8.1	8.2	9.3	8.5	6.0

Disregarding again the unclassified, the gainfully employed population is here placed in two groups. One group is composed of the business and professional classes, farmers and the children of farmers. The latter, of course, expect to become independent farmers upon reaching maturity, and hence, while listed as laborers, from the standpoint of this classification they may properly be classed with the farmers. This, then, is the industrially independent group, independent not so much from the standpoint of income as from the standpoint of being one's own boss.

The second group is composed of the rural and industrial wage-earners and the lower salaried employees. No doubt some of this group receive incomes in excess of many farmers, and even of professional and business men. But their outlook is different because of their place in the industrial system. . . .

94. Defects of socialist production¹

4

The three foregoing selections indicate that socialism is a false doctrine because based upon mistaken premises. Those who object to socialism attack the doctrine from still another angle, *i.e.* they point out the defects of the economic organization which socialism plans to establish. Of the numerous objections to the industrial organization of a socialist state, an important one is that socialism could not build up or maintain an effective system of production. The failure of bolshevism in Russia threw light on the nature of socialist production, and lent weight to theoretical arguments which have long been urged against socialism. The following extract from the works of Dr. A. Schaeffle constitutes a typical example of the objections which for more than a half century have been brought against socialism as a method of production:

Further objections to socialism.

. . . In the third place, social democracy [socialism] promises an impossibility in undertaking, without danger to the efficiency of production, to unite all branches of it, and in each branch all the separate firms and business-companies into one single body with uniform labor-credit and uniform estimation of labor-time. Herein it goes upon the supposition that the whole tendency of production is towards business on a large scale with local self-complete branches on factory lines. Yet this is a most arbitrary assumption. Even in trade there will always remain over a mass of small scattered pursuits that entirely escape control. . . .

Socialism could not unify and coördinate all of the productive forces of a nation.

In agriculture the large self-complete factory system is excluded by the nature of the case. . . . It may well be that in the agriculture of the future there will be more and more introduction of collective administration for purposes of traction, the in-coming and out-going of produce, and for irrigation and draining, for the common use of machinery, and for operation of loading and despatch. But farming on a large scale . . . is not possible as a universal system; . . . agriculture, unlike other industries, tends in the direction of small or moderately large concerns. . . . And how in any case could it be possible without any authoritative organ of control or regulation

The case of agriculture offers special obstacles to socialism.

¹ From A. Schaeffle, *The Impossibility of Social Democracy*. Swan, Sonnenschein & Co., London, 1892; pp. 69-74.

to draw all the varied and scattered branches of agricultural labor into one simple homogeneous system, and to reduce all labor to terms of average social labor-time. . . . Social democracy will inevitably fall to pieces at last, though it start with the most successful revolution ever achieved.

Social democracy, in the fourth place, promises to the industrial proletariat a fabulous increase in the net result of dividends of the national revenue, and a general rise of labor-returns ~~all round~~. This increased productivity of industry would perhaps be conceivable if a firm administration could be set over the collective production, and if it were also possible to inspire all the producers with the highest interest alike in diminishing the cost, and in increasing the productiveness of labor. But social democracy as such refuses to vest the necessary authority in the administration, and does not know how to introduce an adequate system of rewards and punishments for the group as a whole, and for the individuals in each productive group, however necessary a condition this may be of a really high level of production. For otherwise, of course, there would be no freedom and no equality.

Therefore, on the side of productivity again, all these delusive representations as to the capacity and possibility of democratic collective production are groundless. Without giving both every employer and everyone employed the highest individual interest in the work, and involving them in profits or losses as the case may be, both ideal and material, it would be utterly impossible to attain even such a measure of productivity for the national labor as the capitalistic system manages to extract from capital profit, even in the face of risk, and with varying scales of remuneration. The introduction of even stronger and more effective guarantees of universal thrift and efficiency in a partially collective system may at first sight appear to be not impossible. . . . But this result is impossible if the only means of bringing it about is to be resolutely rejected and denied, namely, the free and ungrudging assignment of a larger proportion of material and ideal good to the real aristocracy of merit. Without a sufficiently strong and attractive reward for individual or corporate preëminence, without strongly deterrent drawbacks and compensatory obligation for bad and unproductive

Socialism cannot fulfill its promise to increase the national productivity.

The reason for this.

work, a collective system of production is inconceivable, or at least any system that would even distantly approach in efficiency the capitalistic system of to-day. . . .

So long as men are not incipient angels — and that will be for a good while yet — democratic collective production can never make good its promises, because it will not tolerate the methods of reward and punishment for the achievements of individuals and of groups, which under its system would need to be specially and peculiarly strong. . . .

Conclusion.

95. Defects of socialist distribution ¹

5

Another objection to the program of socialists is that the socialist theory of distribution is defective. Not only would socialism find it difficult or impossible to maintain effective production, but socialism has been unable to demonstrate that it would be able to distribute wealth in accordance with the principles of both justice and economy. In the following selection, Professor Ely recapitulates some of the chief objections to socialism as a scheme of distribution:

A further objection to socialism.

We have already learned that socialists wish to secure justice in distribution, but that they have not been able to agree upon a standard of distributive justice, although they now generally seem disposed to regard equality in distribution as desirable.

Equality a fundamental principle in the socialist theory of distribution.

Equality is unquestionably the simplest and easiest solution of the problem of distribution under socialism; and it is frequently argued that it meets all the requirements of distributive justice, because it is held that, essentially, one man has rights equal to those which any other enjoys.

Socialism compels us to agree upon a standard of distributive justice which would be generally acceptable, and which would enlist the services of the most gifted and talented members of the community. If we depart from the principle of equality, it is difficult in the extreme to establish any standard in accordance with fixed principles, calculated to settle controversy. Let us suppose we decide to distribute material goods in accordance with merit or service rendered.

Some difficulties of the socialist theory of distribution.

¹ From Richard T. Ely, *Socialism and Social Reform*. T. Y. Crowell & Co., New York, 1895; pp. 233-237.

How shall we decide upon the value of different services when compared with one another? That distribution which may be called ideal is one that leads to the maximum satisfaction of wants, — that is, distribution in accordance with needs. This means equal distribution among equals, but unequal distribution among those who are unequal; and, as a matter of fact, inequalities among men, in capacity and requirements, are immense.

Examples.

It is desirable to satisfy the most intense wants first, and then the less intense, and so on down the scale. If incomes were distributed equally, there are men whose wants are so limited that they would have more than enough for the satisfaction of every need, while others would be deprived of the means for the satisfaction of genuine and pressing wants. One person has no special intellectual gifts, and can soon acquire all the education which will be beneficial to him. . . . Another has great gifts which fit him to become a painter, a musician, or an original scholar. It is to the interest of society that the faculties of such a one should be fully developed, and that for their development, the tools, implements, and opportunities, for the exercise of the talent, should be afforded. . . . Such a person can use advantageously a far larger income than the average mechanic or artisan.

Difficulty of
distribution
according to
needs.

But how can we approximate this distribution under socialism? How can we reach agreement in regard to needs? Each one may appreciate his own needs sufficiently, but will he appreciate the needs of others, especially of those who are his natural superiors, and who require ten times as much as he does? Will the ordinary farmer or industrial toiler cheerfully agree to the proposition that some one else needs ten times as much as he does, in order to give equal satisfaction of wants? Unless such is the case, we shall have dissatisfaction and discontent, likely to impair the usefulness of socialism.

Some further
consider-
ations.

And this is not all. While it may be difficult for us to come to an agreement in regard to the differences in the value of services rendered by various members of the community, a little careful observation shows us that the difference, after all, is vast. . . . We may take a single industrial establishment and we shall find that, while under one man it thrives, under another it languishes. The question of success is dependent, above everything else, upon right leadership. Now those who have superior gifts and capacities are generally well

aware of their superiority. They know that they render more valuable services than others; and if we take men as they are now, or as they are likely to be for a long time, we have every reason to believe that an assignment of merely equal income would not enlist in socialistic production the most capable members of the community, in such a manner that they would give their best energies to the socialistic state; but unless we could secure from the most talented members of the community willing service, socialism would inevitably prove a failure. . . . It is much to be feared that men cannot be socialized to that extent that they will generally accept the principle of equal reward for their services, even could it be shown that it were desirable. And it is impossible to show this, for quite the contrary is true. . . .

All this brings us to the observation that there is great danger that, under socialism, the true requirements of those engaged in the higher pursuits would be under-estimated, and that the importance of those occupations which contribute most to the advancement of civilization would fail to secure adequate appreciation. The extent of natural inequalities, and the differences in the requirements of men, are not understood by the masses of mankind; and it is extremely difficult, if not impossible, to make them understand those inequalities and differences. This being the case, we have every reason to apprehend that, under socialism, there would be inadequate provision by the masses for those who carry forward the most important work; that is to say, those whose products are immaterial, ministering to the higher parts of our nature. If this is so, the result of socialism would be a non-progressive society, and in consequence all would finally suffer, because, under a satisfactory social organization, every class will sooner or later share, to a certain extent, in the advantages resulting from progress in science, art, letters, religion. . . .

Conclusion.

96. Socialism not necessary to industrial reform ¹

The objections to socialism are of three types. In the first place, socialist theory is based upon a fundamental error; in the second place, the industrial organization contemplated by socialism is seri-

The objections to socialism are of three types.

¹ From Richard T. Ely, *Socialism and Social Reform*. T. Y. Crowell & Co., New York, 1895; pp. 254-257.

ously defective; in the third place, it is the belief of many authorities, socialism is not necessary to industrial and social reform. The preceding selections illustrate, to a slight degree, the false basis of socialism and the defects of its proposed industrial organization; it remains to be pointed out that we have good reason to hope for the adequate reform of our industrial system without resorting to socialism. In the following selection Professor Ely takes this point of view:

Capitalism defective,

We have at present an imperfect social organism. It moves forward, creaking and groaning, and splashes the blood of its victims over us all. . . . But our social organism does move forward. If there is a submerged tenth, there are nine-tenths not submerged, and nine-tenths are more than one-tenth. Let us take care to cling to that which we have achieved. It will not do, in efforts to save one-tenth, to run serious risk of submerging nine-tenths. Perhaps never, since the days of Christ, taking the world as a whole, did the provision for material wants so nearly approximate a sufficiency for all as at present. . . .

but decreasingly so.

The light of civilization is gradually becoming brighter, warmer, and its rays are slowly penetrating farther and farther into the darkness.

Is there a golden mean?

That wise old sage, Aristotle, said that virtue consisted in avoiding the too much and the too little. Is there not a golden mean between the little (namely, rigid, obstructive and revolutionary conservatism, — that conservatism which refuses to recognize defects in the existing social order, and resists obstinately all reform of progress), — and the too much; (namely, reckless radicalism, which, in reaching out for improvement, risks the treasures accumulated during so many ages, treasures so painfully gathered together)? Can we not, in our industrial life, keep what we have that is valuable, and escape some of the evils which socialism has so vividly depicted? And let us frankly, fully, without equivocation, acknowledge the great services which socialism has, in this as in other respects, rendered society. Can we not carefully, conservatively add to our social order some of the strong features of socialism, and yet keep this social order intact? It seems to the author that this is practicable. . . .

Yes.

One question which meets us at the threshold of our inquiries con-

cerns the possibility of reform. Can we accomplish the ends which we have in view, and will the effort which we put forward to accomplish these ends meet with a return commensurate with the exertion involved? It is frequently urged that all our efforts amount to so little that it is not worth our while to try to improve society. When we look into the efforts to accomplish reform in the past, we cannot find reason for discouragement; quite the contrary. Well-directed effort has accomplished great things; and we are warranted in the belief that a thorough reformation of society, and the reduction of social evils to very low terms, if not a complete abolition, is practicable. . . .

The promise
of social
reform.

Questions on the foregoing Readings

1. What is the most effective method of attacking socialism?
2. Why cannot the labor theory of value explain the value of land?
3. What can be said as to the inability of this theory to explain the value of old coins, stamps, and similar commodities?
4. Illustrate the fallacy of the theory with regard to agricultural produce.
5. What, according to Professor Le Rossignol, are the factors which really determine value?
6. What is Mr. Brasol's reason for saying that the formula that labor is the sole producer of wealth must read as follows: "*Manual* labor is the sole producer of wealth"?
7. How does the erection of the Woolworth Building disprove the statement that manual labor is the producer of all wealth?
8. What criticism does Mr. Brasol bring against the American socialist, Mr. Hillquit?
9. What, according to Mr. Brasol, is a characteristic feature of modern production?
10. What per cent of the gainfully employed population of the United States was included in the term "urban upper and middle class" in 1910? What per cent were in the rural group? What per cent were urban workers?
11. What is meant by the "white collar" urban population?
12. What types of individuals are included in the "rural group"?
13. What type of workers make up the group listed by Mr. Hansen as "urban workers"?
14. What proportion of our gainfully employed population belonged to the independent class in 1910?

15. How does agriculture illustrate the difficulties confronting socialism in the field of production?
16. Under what circumstances, according to Schaeffle, would socialism possibly be able to increase the productivity of industry?
17. Why did he not believe that such an increase would actually come about?
18. What, in brief, is the objection to socialism as a method of distributing wealth?
19. What is unquestionably the simplest and easiest solution of the problem of distribution under socialism?
20. What is Professor Ely's chief objection to this plan of distribution?
21. What is his conclusion with regard to socialism as a method of distributing wealth?
22. What are the three types of objections to socialism?
23. What does Professor Ely say as to the imperfection of the social organism at the present time?
24. What did Aristotle believe to be the nature of virtue?
25. How does Professor Ely apply Aristotle's concept of virtue to the industrial situation?

CHAPTER XVII

A DEMOCRATIC PROGRAM OF INDUSTRIAL REFORM

97. The program outlined ¹

A number of constructive thinkers have maintained that it is possible to reform our industrial system without resorting to socialism. Many of these students have offered suggestions of a constructive nature, but Professor Carver alone has combined the various elements of industrial and social reform into a definite program which appears not only sound but workable, that is to say, workable if we choose to apply it. The following is Professor Carver's outline of a democratic program of industrial and social reform:

Professor Carver's program of industrial and social reform

How to secure equality of wealth with liberty, without sacrificing anything that we now prize, such as private property, freedom of contract, freedom of initiative, and economic competition. (Parts of the program are arranged in the inverse order of their importance.)

I. LEGISLATIVE PROGRAM

is divided into a legislative

- A. For the redistribution of unearned wealth.
 - 1. Increased taxation of land values.
 - 2. Graduated inheritance tax.
 - 3. Control of monopoly prices.
- B. For the redistribution of human talent.
 - 1. Increasing the supply of the higher or scarcer forms of talent.
 - (a) Vocational education, especially for the training of business men.
 - (b) Cutting off incomes which support capable men in idleness, thus increasing the supply of active talent, cf., 1, 2, and 3, under A.
 - 2. Decreasing the supply of the lower or more abundant forms of labor power.

¹ From Thomas Nixon Carver, *Essays in Social Justice*. Harvard University Press, Cambridge, Mass., 1915; pp. 264-265.

- (a) Restriction of immigration.
- (b) Restriction of marriage.
 - (1) Elimination of defectives.
 - (2) Requirement of minimum standard income.
- (c) Minimum wage law.
- (d) Fixing building standards for dwellings.
- C. For the increase of material equipment.
 - 1. Increasing the available supply of land.
 - 2. Increasing the supply of capital.
 - (a) Thrift *versus* luxury.
 - (b) Savings institutions.
 - (c) Safety of investments.
 - (d) "Blue sky" laws.

and a non-
legislative
part.

II. NON-LEGISLATIVE PROGRAM

- A. Raising the standard of living among the laboring classes.
 - (a) The function of the advertiser.
 - (b) The educator as the rationalizer of standards.
 - (c) Thrift and the standard of living.
 - (d) Industrial coöperation as a means of business and social education.
- B. Creating sound public opinion and moral standards among the capable, e.g.
 - 1. The ambition of the family builder.
 - 2. The idea
 - (a) That leisure is disgraceful;
 - (b) That the productive life is the religious and moral life;
 - (c) That wealth is a tool rather than a means of gratification;
 - (d) That the possession of wealth confers no license for luxury or leisure;
 - (e) That government is a means not an end.
 - 3. Professional standards among business men.
- C. The discouraging of vicious and demoralizing developments of public opinion, such as:
 - 1. The cult of incompetence and self-pity.
 - 2. The gospel of covetousness, or the jealousy of success.
 - 3. The emphasizing of rights rather than obligations.
 - 4. The worship of the almighty ballot and the almighty dollar.
 - 5. The idea that a college education should aim to give one a "gentlemanly appreciation" of the ornamental things of life, such as literature, art, golf, and whiskey, rather than to strengthen one for the serious work of life.
 - 6. The idea that the capitalization of verbosity is constructive business.

98. Taxation as a method of attacking unearned wealth¹

From an economic viewpoint, justice consists in giving every individual just what he earns, no more, no less. The first step in the democratic program of industrial reform is to apply the principle of justice to large incomes. This does not mean that large incomes are necessarily objectionable, for large incomes may be as truly earned as small incomes. Democracy will tolerate no legal interference with incomes which are earned, however large. On the other hand, there is a growing feeling that the community ought to deprive individuals of wealth which is unearned. In the following selection Professor Seligman calls attention to the growing tendency to use taxation as a means of leveling the inequalities of wealth:

Finally, we notice the tendency in taxation away from individual to social considerations. This is responsible for the idea of progression or graduation in our income taxes; it is responsible for the differentiation or distinction between earned and unearned incomes, as we find it abroad and shall soon find it here. It is responsible for the exemptions granted for general social reasons. By this we do not refer so much to the exemptions in the income tax as, for instance, to the exemption of mortgages from taxation in our property tax, or the exemption of money and credits.

Again, to this cause we must refer the modern movement for a higher tax on land, especially in local finance. I am, indeed, not a single-taxer — far from it — for the single-tax philosophy makes two fundamental mistakes. It neglects the distinction . . . between real or specific taxes and personal taxes. When the single-taxer says that land alone should be taxed, he is thinking only of things. But . . . this distinction does not apply at all to the entire class of taxes on persons. The income of an individual may be derived not from things or property but from relations, from salaries, from good will, from copyrights, from all sorts of intangible and invisible circumstances. The distinction between land and other things does not affect in the least the obligation of the person to contribute to the support of government for income derived not from things. In the second place,

Applying the principle of justice to the problem of unearned wealth.

A recent tendency in taxation.

Professor Seligman on the relation of the single tax to taxation reform.

¹ From Edwin R. A. Seligman, "Presidential Address," delivered before the International Tax Association at Denver, Colo., September, 1914.

the single-taxers either revert to the long outworn idea of benefits, or inordinately exaggerate the element of privilege in the conception of faculty. They erect into a whole what is only a part.

While, therefore, I must consider the single-tax philosophy as essentially incomplete, it is none the less true that a higher taxation of land or, rather, if you will — in order to differentiate my idea from that of exempting improvements in the local real estate tax, in which I do not believe — it is none the less true that an additional tax on land may be entirely legitimate from the social, rather than from the individual, point of view.

And, finally, as I have often pointed out, certain indirect taxes which cannot be upheld at all from the point of view either of benefits or of faculty in taxation become perfectly explicable when we regard them from the social, rather than the individual, point of view, *i.e.* from the point of view of their consequences on the body economic rather than from that of the relation of one individual to another. . . .

99. The promise of vocational guidance ¹

Applying the principle of justice would reform our industrial system to the extent that it would eliminate or greatly reduce the amount of unearned wealth in existence. But justice, *i.e.* giving individuals exactly what they earn, would not necessarily improve the condition of all of the poor, since some of these are not able really to earn enough to support themselves and their families properly. From the economic standpoint, a first step toward permanently helping the poor is to make it possible for them really to earn decent wages. Of the numerous measures which aim at the increase of wages without violating economic laws, none is more important than the movement for training unskilled and poorly paid individuals toward the less crowded and better paid positions. The following extract from a statement of principles adopted by the National Vocational Guidance Association in 1921 illustrates the scope and promise of the vocational guidance movement:

¹ From the National Vocational Guidance Association, "Principles Adopted in Convention," Atlantic City, February 25 and 26, 1921.

Higher taxes on land may be socially desirable.

Justice would not necessarily eliminate poverty.

Vocational guidance.

I. Foreword

1. The term "vocational" comprises all occupations recognized in the census list, including agricultural, industrial, commercial, homemaking, and professional callings. . . .

Scope of the term "vocational."

II. *The Need for Vocational Guidance*

3. Education is provided to enable pupils to understand their environment, and to extend, organize, and improve their individual and coöperative activities, and to prepare them for making more wisely the important decisions which they are called upon to make throughout life. . . .

The need for vocational guidance.

III. *Aims of Vocational Guidance*

6. The purposes of vocational guidance are:

Its aims.

(a) To help adapt the schools to the needs of the pupils and the community, and to make sure that each child obtains the equality of opportunity which it is the duty of the public schools to provide.

(b) To assist individuals in choosing, preparing for, entering upon, and making progress in occupations.

(c) To spread knowledge of the problems of the occupational world and the characteristics of the common occupations.

(d) To help the worker to understand his relationships to workers in his own and other occupations and to society as a whole.

(e) To secure better coöperation between the school on the one hand and the various commercial, industrial, and professional pursuits on the other hand.

(f) To encourage the establishment of courses of study in all institutions of learning that will harmoniously combine the cultural and practical studies.

7. All vocational guidance should help to fit the individual for vocational self-guidance, and also for the coöperative solution of the problems of occupational life. . . .

V. *Studying the Occupations*

15. Teachers, counselors, or investigators should be given time to study occupational needs and opportunities, or definitely appointed

The study of occupational questions.

for that purpose, and should prepare information so obtained for use by teachers, pupils, and parents.

16. The class for the study of educational opportunities, common and local occupations, and the problems of the occupational world, should be carried on before the end of the compulsory school age. Such study should be provided for all students in junior high and high schools. It should give the pupil an acquaintance with the entire field of occupations, and a method of studying the occupations wherewith he can meet future vocational problems in his life. The study of occupations should be offered in continuation schools, evening schools for adults, and colleges. . . .

VII *Choosing the Vocation*

The choice of a vocation.

21. Occupations should be chosen with service to society as the basic consideration, and with personal satisfaction and remuneration as important secondary considerations.

22. Scientific vocational guidance should discourage and supplant any attempt to choose occupations by means of phrenology, physiognomy, or other disproved and unproved hypotheses.

Some dangers to be guarded against.

23. Alluring short cuts to fortune, as represented by certain advertisements in current magazines and newspapers, should be condemned and supplanted by trustworthy information and frank discussions with children.

24. The choice of an adult occupation should not be made too early or too hurriedly and should be made by the person after his study of occupations and his try-out experiences. It should be an education process by progressive elimination. Provision should be made for reconsideration and rechoice. Care should be taken that the choice be made by the individual himself. . . .

100. Connecting the man and the job¹

The necessity of connecting the man and the job.

From the standpoint of industrial reform, the movement toward vocational education and guidance is doubly beneficial. In the first place, it increases the number of trained workers in the community, and thus increases the productivity of particular classes; in the

¹ From John B. Andrews, *Labor Exchanges*. Senate Document No. 956. Washington, 1915; pp. 3, 8-10.

second place, it may decrease the number of unskilled workers. But even though the workman has been trained to perform work valuable to the community, his training may be wasted unless he can find the position for which he is fitted. An essential part of the democratic program of industrial reform, therefore, is the connecting of man and job. In the following selection, Mr. John B. Andrews suggests a national system of labor exchanges, to aid in this connecting-up process:

It is apparent to any one who knows anything about the subject that our labor market is unorganized, and that there is a tremendous waste of time and energy in the irregular and haphazard employment of workers. It is this very great social waste which we are just beginning to appreciate, but every method for overcoming it so far tried in America has been painfully inadequate. . . .

Condition
of our labor
market.

[What is needed is a national system of employment bureaus. This system] should comprise three main divisions: (1) The central office at Washington, (2) a number of district clearing houses, and (3) the local labor exchanges. Let us briefly sketch the special functions of each.

We need a
national
system of
employment
bureaus.

The central office, from its vantage point in the National Capital, and as an integral part of the Federal Department of Labor, would have the task of organizing the entire system, coördinating its various elements, and supervising its operation. The first activity in connection with such a national bureau is the establishment and conducting of public labor exchanges. These should be built up, with careful regard to existing state and municipal bureaus, as rapidly and in as many parts of the country as finances will permit. . . .

Functions
of a pro-
posed cen-
tral office:
general
supervision
of the
whole field,

A second large duty of the Federal bureau would be that of coöperating with, encouraging, assisting, and to some extent regulating all the public employment offices conducted by other subdivisions throughout the country — state, county, town or village. The lack of coöperation, the failure to interchange information of vital importance to workmen and employers, is one of the sad features of the public employment bureau situation at the present time. Here is a great field for the standardizing activities of a Federal bureau. . . .

coöperation
with sub-
ordinate
offices,

inauguration
of district
clearing
houses,

and pub-
licity
work.

Nature of
the district
clearing
house.

Functions
of the local
labor
exchanges.

Summary
and con-
clusions.

A third duty of a Federal employment bureau would be the division of the country into districts and the inauguration therein of district clearing houses. . . .

Fourth among the duties of the central office would be to carry on a campaign of the fullest possible publicity on the condition and fluctuations of the country's labor market. . . . The information of labor supply and demand thus secured could then be compiled and published in a number of attractive ways which opportunity and ingenuity will suggest. . . .

The district clearing houses already mentioned are quite distinct from the local labor exchanges, and must not be confused with them. The clearing house finds no positions. Its functions are to exchange information between the local exchanges, and between other correspondents in its district, to receive daily reports from all public exchanges within its jurisdiction, and reports from private agencies at least weekly, and to compile and publish these data for its district. It also carries on an interchange of information with the clearing houses in other districts. . . .

The functions of the ultimate units in this system, the local labor exchanges, may all be summed up in the words, "bringing together workmen of all kinds seeking employment and employers seeking workmen." The good superintendent of a public employment office will not wait behind his counter for employers and employees to hunt him up and to use his office as a medium for coming together; he will take active steps in the process. By judicious telephoning, issuing circulars, newspaper advertising, newspaper publicity, and in other ways he will constantly bring his office to the attention of those who should use it. . . .

Thus the jurisdiction of the projected Federal bureau would extend throughout the country over every organized interstate agency for the securing of employment or of workers. Not only its own and other public officers would be amenable to its regulation, but also private money-making enterprises and philanthropic bureaus, in so far as their activities transcended state borders. In addition to its regulative activities, it would operate exchanges on its own account, build up a clearing-house system for employment information, and publish and distribute that information as widely as

it could. In short, in the words of Mr. Frank P. Walsh, an advocate of the system, it would "do everything possible to aid in securing the fullest application of the labor force of the country." . . .

101. The purpose of labor legislation¹

One of the essential features of our industrial system is the large degree of liberty which the individual enjoys in his economic relations. As a general proposition, it is desirable to restrict this liberty as little as possible; at the same time, we are coming to realize that legal restrictions upon personal liberty may be necessary if the rights of the individual and the rights of the community are to be safeguarded. When careless or unscrupulous employers tolerate harmful conditions of employment, or when ignorant or careless employees enter employments which react to their injury, it is time for the state to enact regulative legislation. In the following selection Professor Carlton explains the purpose and forms of labor legislation:

Society is slowly coming to the realization of the fact that equal treatment of unequals often results in gross injustice. Strong, well-organized workers may not need protective laws, the professional man may not, although he usually wishes legal enactments as to professional requirements for entrance into the profession; but the child and unorganized or poorly organized men and women workers certainly are at a disadvantage in bargaining with well-organized capital. Legal protection is necessary in order to insure fair, or even decent, treatment. . . .

The police power of the state furnishes the legal basis for labor legislation; but the fundamental sanctions are social and economic rather than purely legal. . . . Long working days, speeded-up workers, insanitary shops, dangerous machinery, — all tend to render workers and their descendants weaker and more inefficient, and to lower the physical, mental, and moral stamina of the race. . . . In the name of human progress, it is the duty of society through its executive machine, the government, to reduce and finally to remove the evils now apparently inseparably connected with modern in-

The restriction of industrial liberty may be necessary.

Necessity of legal protection for certain groups.

Fundamental purpose of labor legislation.

¹ From Frank Tracy Carlton, *The History and Problems of Organized Labor*. D. C. Heath & Co., 1911; pp. 278-280.

dustry. "The fundamental purpose of labor legislation is the conservation of the human resources of the nation" is a familiar motto of the American Association for Labor Legislation. . . .

Forms of
labor legis-
lation.

Labor legislation in the states of the United States relates to a variety of different subjects, such as the establishment of departments of factory inspection, limitation of the hours of labor, prohibition of night work or of Sunday labor, the exclusion of certain classes of wage earners from certain kinds of employment, provisions for the frequent payment of wages, prohibition of truck payment, guards for dangerous machinery, regulations as to the sanitary conditions within factories and workshops, regulations as to cleaning or oiling machinery, apprenticeship, discrimination against union men either in hiring or discharging workers, and many other matters touching upon the health, safety, and well-being of wage earners. In addition many regulations have been passed relating specifically to mines and mine workers.

A typical
factory act.

Every state and territory and the Federal government have passed legislation relating to labor. The Illinois factory law, which went into effect in January, 1910, is an excellent example of a factory act. The chief points in this particular piece of labor legislation may be summarized as follows:—(a) All machinery must be carefully protected. (b) Set screws and other dangerous projections must be countersunk or otherwise guarded, if possible. (c) Means must be provided for quickly stopping machinery. (d) Machinery must not be placed closely together; adequate passageways must be provided. (e) All elevators and openings in the floor must be enclosed. (f) Premises must be sanitary. Equal temperatures must be maintained; and suitable seats must be provided for female workers. (g) Adequate and sanitary toilet facilities must be provided for workers of both sexes. (h) Food must not be eaten in any room where white lead, arsenic, or other poisonous gases are present. (i) Sufficient means of escape in case of fire must be provided and kept free from obstruction. (j) Noxious fumes and gases must be removed as far as is practicable. (k) No employee shall be allowed to operate a machine with which he is not familiar. (l) The employer is required to report all accidents to the state factory inspector, which result in death. . . .

102. The practice of thrift¹

Some reformers begin their discussion of the problem of poverty by condemning the payment of low wages to certain groups of employees, and end their discussion by suggesting or demanding that the wages of these groups be increased. It is of course true that an essential part of any sound program of industrial reform is concerned with economical methods of raising the wages of the poorly paid groups. But high wages do not necessarily mean freedom from poverty, for it may be that the individuals receiving a substantial increase in wages are unable to utilize their income economically. Indeed, poverty can never be eradicated until the individual is rendered able and willing to spend his income wisely. Some of the essential principles of thrift are pointed out in the following selection by Professor Benjamin R. Andrews:

High wages do not necessarily mean freedom from poverty.

Thrift is a means to the best life for individual and family as it insures that considered use of resources which will promote well-being. There is a current idea that the thrifty man is stingy and penurious, but rightly understood thrift means intelligence, forethought and plan in the use of resources, so as to promote personal well-being. In practice thrift calls for effective functioning on the part of the individual in the following economic relations:

Nature of thrift.

1. As one who earns, by increasing skill or output so as to enlarge money income or its equivalent.

The problem of thrift has five angles.

2. As one who spends, by studying one's present needs so as to secure goods and services bringing the greatest possible satisfaction at the least possible cost.

3. As one who saves, by examining one's future needs so as to set aside funds liberally for all its contingencies.

4. As one who invests, by considering the placing of savings so that they will grow by interest or by increase of value so that principal and interest will be secure against loss.

5. As one who conserves whatever he has, by considering its wisest use so as to secure the greatest possible satisfaction from it, by avoiding waste, and by treating what is bought with money as

¹ From the American Academy of Political and Social Science, *Annals*. Vol. LXXXVII. Philadelphia, January, 1920; pp. 11-15.

though it had money's value. Thus there arises a fivefold thrift problem of the individual and family as regards earning, spending, saving, investing, and conserving. . . .

Suggestions
for effi-
ciency in
spending:

Written Budget Plans. . . . Engel stated certain economic laws of consumption, the more important of which are that the smaller the income the larger the proportion of it which must go for food, and that as income increases food expenditure relatively decreases and the allowance for miscellaneous culture wants increases. A widely quoted American standard for middle class incomes is "the ideal budget" of the late Ellen H. Richards which allows one-fourth of the income for food, one-fifth for rent, one-seventh for clothing, and one-fourth for culture wants or the "higher life." . . .

The written
budget.

Written accounts of expenditure, at least during periods of readjustment, are desirable. Needs for expenditure should have critical examination. The classical division of wants into necessities, comforts and luxuries gives a starting point. . . .

The intelli-
gent direc-
tion of
spending.

Intelligent direction of spending will increase its efficiency. This naturally centers in the housewife, but often certain responsibilities may be wisely assigned to others. . . . In a matter like the purchase of food, clothing, shelter and other goods in the market with which every individual has life-long contacts, it is astonishing that the general level of intelligence is not higher. . . .

Thrift in
food ex-
penditure.

In food expenditure, thrift requires that the purposes of nutrition be adequately met, including the growth and maintenance of the body and the production of energy, and that this be done at a reasonable cost. It asks such questions as: . . . Are necessary mineral constituents and growth-promoting vitamins provided? Is variety of diet guaranteed by including food from all five groups, — grain products, fruits and vegetables, meats, sugars and fats? . . . Do finicky food habits add to cost? Is food cost reasonable? Is quantity buying followed where practicable? Are stores selected for economy as well as convenience?

Clothing
costs.

In clothing costs, thrift promotes economy by such queries as these: Is clothing chosen so as to promote health and secure length of service as well as "for looks"? Does fashion increase clothing costs beyond reason? . . .

In housing, thrift stands for adequate provision as to space, light,

air, arrangement of rooms for ease in house-work as well as to meet the personal and social needs of the family group. It raises such questions as: Is there any better investment than owning one's own home? Are we spending unnecessarily for display in the house?

Thrift in housing

In household operating expenses, thrift demands adequate heating, lighting, water-supply and housekeeping supplies. It justifies hired service where the housewife has other useful employment or is unable to do all the work. It raises such questions as: Can supplies be bought cheaper in quantity? Is the heating and lighting system efficient and economical? Is the telephone justified, and if so, is postage a cheaper substitute for many toll calls? Do the members of the household coöperate fully in reducing the burden of daily household tasks which come upon the housewife or her hired substitute?

and in household operating expenses.

In culture wants, thrift emphasizes their importance as compared with material wants and asks full provision for education, for personal development and for health, and reasonable provision for physical and mental recreation, for necessary expenses for personal care and for incidental needs. But thrift asks: Are large personal indulgence expenditures justifiable? Do they not give special treatment for one or more members of the family as compared with others? Is special musical or art instruction to an ungifted person wise? Should recreation expenditures exceed cultural expenditures of the sort which, for lack of a better term, are called educational and ethical? . . .

Thrift in culture wants.

Questions on the foregoing Readings

1. Into what two parts does Professor Carver divide his outline of the democratic program of industrial reform?
2. Outline the essential features of the first part of this program.
3. What are the essential features of the second part of this program?
4. Define justice.
5. By what three means might unearned wealth be redistributed?
6. To what tendency in taxation does Professor Seligman call attention?
7. What is the relation of this tendency to income tax legislation?
8. What does Professor Seligman have to say with reference to a higher tax on land, especially in local finance?

9. What is his opinion of the single tax?
10. Why might the application of the principle of justice to industrial problems fail to improve the condition of all of the poor?
11. What is the importance of vocational guidance in the attack upon low wages?
12. What occupations are covered by the term "vocational"?
13. What are the aims of vocational guidance?
14. What principles should govern the choice of a vocation?
15. What, according to Mr. John B. Andrews, is the condition of the labor market at the present time?
16. What remedy does he suggest for this condition?
17. Outline the functions of the central office, as embodied in the plan for a national system of employment bureaus.
18. What would be the functions of the proposed local labor exchanges?
19. Why is labor legislation a necessary function of government?
20. What is the legal basis for labor legislation?
21. Outline some forms of labor legislation.
22. Explain why high wages do not necessarily mean freedom from poverty.
23. What are the five phases of the problem of thrift?
24. Outline Professor Andrews' suggestions with reference to written budget plans and written accounts of expenditure.
25. Illustrate the principles of thrift with reference to food expenditure, clothing costs, expenditure for house-room, household operating expenses, and culture wants.

PART III—AMERICAN SOCIAL PROBLEMS

CHAPTER XVIII

INDUSTRIAL RELATIONS

103. The extent of strikes and lockouts ¹

In any survey of the actual workings of modern industry, the most casual observer must be impressed by the persistence of disagreements between labor and capital. These disagreements take different forms, and are of varying duration and significance. Two of the most serious types of industrial disturbances are strikes and lockouts. Complete data on these industrial phenomena are lacking, but for a number of years the United States Department of Labor has kept a record of strikes and lockouts in this country. The following extract from a report of the Department indicates the extent of strikes and lockouts in the years 1916, 1917, 1918, and 1919:

The persistence of industrial disagreements.

TABLE I. NUMBER OF STRIKES AND LOCKOUTS, 1916, 1917, 1918, AND 1919

Strikes and lockouts, 1916-1919.

<i>Year</i>	<i>Total</i>	<i>Year</i>	<i>Total</i>
Strikes:		Lockouts:	
1916	3,681	1916.....	108
1917	4,324	1917.....	126
1918	3,232	1918.....	105
1919	3,253	1919.....	121

Although the number of strikes during 1919 was not appreciably larger than in 1918 and was less than in 1916 or 1917, the number

¹ From the United States Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*. Washington, June, 1920; pp. 200-204.

Number of persons involved in labor disputes in the years 1916, 1917, 1918,

of persons on strike during the year 1919 was greatly in excess of the number on strike in any of the three preceding years, due to the number of strikes in which large numbers of persons were involved. The strike in which the largest number of persons was involved in 1916 was the men's clothing strike in New York City in December of that year, involving 60,000 employees. No strike in 1917 involved as many as 40,000 persons. In 1918 the strike involving the largest number of persons was that of machinists in northern New Jersey in July, where 60,000 persons struck.

and 1919.

In 1919 there were nine disturbances, in each of which 60,000 or more persons were directly concerned: A general strike in Tacoma and Seattle in February in sympathy with the metal-trades strikers, in which 60,000 persons were involved; 65,000 employees in the Chicago stockyards struck in August; 100,000 longshoremen along the Atlantic coast struck in October; 100,000 employees in the shipyards of New York City and vicinity struck in October; 115,000 members of the building trades were locked out in Chicago in July; 125,000 in the building trades in New York struck in February; 250,000 railroad shop workers struck in August; 367,000 iron and steel workers struck in September; and 435,000 bituminous coal miners struck in November. The number of persons concerned in these nine strikes and lockouts was upward of 1,600,000, while the total number of persons in strikes and lockouts during 1919 was 4,112,507. . . .

Extent of unionism among the employees involved in 1919.

In 1919 the employees were connected with unions in 1,811 strikes and 102 lockouts; they were not connected with unions in 135 strikes and 1 lockout; in 27 strikes and 2 lockouts they were not so connected at the time of striking, but organized almost immediately thereafter; in 1,280 strikes and 16 lockouts the relation of employees to unions was not reported. . . .

Causes of strikes and lockouts, 1916-1919.

The causes of strikes and lockouts were numerous. Aside from wages, few strikes occurred in which the cause was confined to one matter in dispute. The principal causes are shown in the table following:

PRINCIPAL CAUSES OF STRIKES AND LOCKOUTS BEGINNING IN
1916, 1917, 1918, AND 1919

<i>Matter of Dispute</i>	<i>Strikes</i>				<i>Lockouts</i>			
	1916	1917	1918	1919	1916	1917	1918	1919
Increase of wages.....	1,290	1,554	1,378	999	11	17	14	24
Decrease of wages.....	33	34	34	80	2	2	2	3
Nonpayment of wages.....	13	17	31	9	...	1	...	...
Increase of hours.....	3	18	6	8	4	...	...	...
Decrease of hours.....	111	127	79	106	2	5	...	8
Increase of wages and decrease of hours.	479	374	251	554	2	4	2	9
Recognition of the union.....	344	275	188	366	22	39	35	31
Recognition and wages.....	122	149	95	127	2	5	2	5
Recognition and hours.....	22	27	18	19	1	1	...	1
Recognition, wages, and hours.....	68	56	66	178	5	...	...	7
General conditions.....	59	100	59	65	...	4	2	...
Conditions and wages.....	56	70	52	54	2	1	2	1
Conditions and hours.....	3	17	2	5	...	1	...	...
Conditions, wages, and hours.....	25	26	8	37	...	...	...	...
Conditions and recognition.....	...	13	7	14	...	...	...	...
Discharge of foreman demanded.....	17	37	54	15	...	1	...	...
Discharge of employees.....	122	204	138	141	5	3	...	...
Employment of nonunion men.....	70	76	62	...	4	1	...	...
In regard to the agreement.....	38	80	42	33	2	3	1	4
New agreement.....	37	22	4	36	3	2	...	...
Sympathy.....	32	70	34	100	1	1	1	...
Jurisdiction.....	19	21	16	15	...	...	...	1
Miscellaneous.....	120	183	172	91	7	5	9	15
Not reported.....	508	774	436	201	33	30	35	12
Total.....	3,681	4,324	3,232	3,253	108	126	105	121

104. Failure of voluntary arbitration: an example¹

Mediation,
conciliation
and arbitra-
tion.

Disputes between labor and capital may be settled in a number of ways. Very frequently, the dispute terminates in a strike or lockout, in which case the two parties attempt to settle their difficulties in the open conflict of industrial warfare. The dangers and injuries which often accompany industrial warfare have led many states to enact laws providing for a varying degree of industrial mediation, conciliation and arbitration. In practically all of the legislating states, however, arbitration is purely voluntary, and often fails because either labor or capital, or both, will not consent to arbitration. An excellent example of the failure of voluntary arbitration is the strike of the milk wagon drivers in New York in November, 1921. The following extracts concerning this strike are from the *New York Times*:

The milk
wagon driv-
ers' strike,
New York,
November 1,
1921.

(November 1, 1921.) Sweeping aside all efforts at Federal and municipal intervention, more than 12,000 milk wagon drivers and allied workers voted overwhelmingly at a wild and uproarious mass meeting in Madison Square Garden last night to strike. The walk-out went into effect at midnight.

The New York Milk Conference Board, representing the distributors, immediately answered that they accepted the challenge of the unions and would run an "open shop." . . .

Territory
and popula-
tion affected.

The strike order which was issued to the men includes all milk distributors of New York City, Jersey City, Hoboken, Newark, . . . and as far north as the Massachusetts State line, covering a territory which has within its limits a population of more than 10,000,000 persons. . . .

It is
claimed
that the
strikers had
rejected the
offer of con-
ciliation.

I. Elkin Nathans, Secretary of the Milk Conference Board, said that the [grievances between the Board and the employees had been under consideration] by Charles Bendheim, Conciliation Commissioner of the U.S. Department of Labor, but the "union delegates wouldn't listen to him. I think [the unions] should have at least left the way open to renew the negotiations," [said Mr. Nathans.] . . .

(November 2, 1921.) Through the efforts of Mayor John F. Hylan, the milk distributors and representatives of the milk drivers' unions

¹ From the *New York Times*, issues of November 1, 2, 3 and 4, 1921.

will meet in conference to-day in an effort to adjust their differences. . . .

The conference between the union leaders and the distributors yesterday afternoon was called by the Mayor in a telegram in which he said: "From the point of view of the public, the situation that arises because of this dispute between you is intolerable. Whatever the merits may be, and whichever is in the right, the controversy should be adjusted without discomfort or inconvenience to the public and without jeopardy to the health and lives of the babies, children and invalids in the community." . . .

(November 3, 1921.) In a letter to Dr. Royal S. Copeland, Health Commissioner, the milk distributors said that they could not accept arbitration, believing that the situation called for permanent settlement and must be fought out. . . .

Aroused by the failure of the distributors to make a settlement possible, Commissioner Copeland came out of the office in a rush. "The responsibility now rests on the distributors," he said. "They want to make an open shop fight on an issue that means life and death to the inhabitants of this community." . . .

After a conference with his committeemen, [the spokesman of the unions] announced: "Our committee is agreeable to recommend at the Madison Square Garden meeting to-night that the men return to work under the old agreement while a board of arbitration takes up the question of wages."

Asked what he had to say to that by Dr. Copeland, Mr. Nathans demanded the union's promise in writing. The Health Commissioner said that that could be arranged, that the unions had made a "fair proposition" and a "splendid suggestion," and called upon the two Conciliation Commissioners, Charles Bendheim and Owen Brown, who were present, and they agreed that arbitration was the best plan.

Mr. Nathans said that he would suggest it to the distributors, but they did not want to "wrangle for six or eight months," asking that a definite period be stated for the duration of the arbitration proceedings. . . . Commissioner Copeland, warning that arguments might spoil the "pleasant afternoon," suddenly adjourned the meeting and had the unions prepare in writing their proposal to return to work. . . .

The mayor of New York attempts to settle the strike, because of the social necessity of milk.

The employers reject the offer of arbitration,

and are denounced by the Health Commissioner.

The strikers favor arbitration,

but the representative of the employers

delays action on this suggestion.

The result,
as shown
by the
headlines of
the *New*
York Times,
November 4,
1921.

(November 4, 1921.)

STRIKERS RIOTING ALL OVER THE CITY
DUMP THOUSANDS OF GALLONS OF MILK
HYLAN THREATENS TO SEIZE PLANTS

BRICKS RAIN ON TRUCKS.

Drivers and dealers are beaten. Policemen attacked, wagons stolen.

One dying, two badly hurt.

People with pails are turned back from station.
Small storekeepers cowed.

40 arrests, four to jail.

Courts score disregard for Public,
Threaten severe sentences in day of violence. . . .

105. Legal responsibility in industrial relations ¹

The neces-
sity of legal
responsibil-
ity in
industrial
relations.

In industrial relations, as in other phases of life, experience has shown that the combination of great power and lack of responsibility is likely to lead to an abuse of power. Among both employees and employers organization is increasingly close and strong, and though this is in many ways desirable, this development increases the necessity of protecting the community against the aggressions of either labor or capital. Authorities differ as to the desirability or even possibility of so applying ordinary corporation law as to render trade unions and employers' associations legally responsible for their acts. It is believed by some, however, that it is possible to establish legal responsibility by a special form of incorporation. In the following passage Mr. Forrest R. Black outlines a proposed law which would establish such responsibility:

A proposed
law on this
subject.

I. Such a law ought to recognize the peculiar nature of the trade union as distinct from the social club, on the one hand, and from an ordinary business corporation on the other. . . .

¹ From Forrest R. Black, *Should Trade Unions and Employers' Associations Be Made Legally Responsible?* National Industrial Conference Board, Boston, June, 1920; pp. 33-35.

II. The law should expressly recognize the "identity of interest" between the trade union as such and its members. This would give efficiency to their contracts with employers. It should be so framed that a breach of a joint contract of employment would give the union a right of action for the damages sustained by its members through resulting loss of wages or unemployment. This would virtually introduce arbitration by the courts in labor disputes, by creating greater mutual confidence in the stability of each other; and thus, to a certain extent, superseding the strike, which is at present practically the only remedy against a violation of the labor contract by the employer. . . .

Necessity of recognizing the "identity of interest" between a trade union and its members.

III. The statute should specifically recognize the distinction between the combative and the charitable functions of a trade union, and the funds connected with the latter should be declared immune from attachment in a damage suit. Protected by such a limitation, if the unions are acting in good faith, we see no reason why they should not be willing to furnish as good security as they now demand of the employer.

Combative versus charitable functions of the union.

IV. A Federal labor commission should be created to supervise labor organizations and employers' associations, and among other things, to see to it that the unions do not use the benefit function as a cloak to protect the funds to be used for combative purposes. . . .

A Federal labor commission proposed.

VI. The statute must distinguish between the merchant function and the employer function of those organizations that are loosely called "employers' associations."

VII. Incorporation should be voluntary. The experience of New Zealand and Australia shows that such a system, although voluntary, would soon be adopted by the great majority of trade unions and employers' associations. The objections to incorporation, as such, on the part of trade unions, would be overcome by the attending privileges offered, and due to the fact that employers are even now financially responsible, employers' associations would accept it [*i.e.* incorporation] because of the greater leverage it would give them over organized labor, and because of the stimulus that it would give to the principle of arbitration.

Incorporation should be voluntary.

VIII. The foregoing system should be put into effect by national and state legislation. Lack of uniformity in state statutes would

no doubt be a serious handicap to the success of the plan, but this is one of the defects which is inherent in our system of government. At least, the proposed plan, where adopted, would be preferable to the present system.

Equal treatment of trade unions and employers' associations.

IX. Finally trade unions must be subject to the same rules of legal ability as employers' associations, in the strict use of that term. . . . The public welfare demands that both trade unions and employers' associations stand upon a plane of equality before the law, — and this the state can establish.

Conclusion.

It seems that the solution lies in an extension of the Roosevelt Trust Policy of "concentration and control." We must distinguish between good and bad unions, between good and bad employers' associations. The motive of those who urge that trade unions and employers' associations be held strictly responsible for their contracts and the acts of their agents, is not to attack the institutions themselves, — but their abuses; the purpose is not to cripple the contending factions, but to protect the great consuming public of which they are only a part.

106. The Kansas Court of Industrial Relations¹

Backwardness of compulsory arbitration in the United States.

The limitations of conciliation, mediation and voluntary arbitration as methods of settling industrial disputes have given rise to the demand for compulsory arbitration. Those favoring compulsory arbitration are particularly insistent that this device be applied to industrial disputes which threaten to deprive the public of such vital necessities as coal, milk, etc. Compulsory arbitration is well known in Australasia, but has not been regarded with wide favor in the United States. Nevertheless, an important step toward safeguarding the right of the public was taken when in January, 1920, the Legislature of Kansas established a Court of Industrial Relations. The chief aim of the court is not to arbitrate between labor and capital, as such, but to represent the public interest in industry. The following description of the court is from the *Monthly Labor Review*:

The action of the Legislature of Kansas of this year [1920] in

¹ From the United States Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*. Washington, March, 1920; pp. 214-215.

establishing a special tribunal of industrial relations has attracted widespread attention. The court consists of three judges appointed by the governor, with the advice and consent of the senate, for three-year terms, and was immediately (Feb. 2) organized. . . . Its principal powers, from the standpoint of immediate interest, relate to the regulation of designated classes of employments, industries, etc., "declared to be affected with a public interest and therefore subject to supervision by the state." Included are the manufacturing of food products and clothing, and processes connected therewith; the mining or production of fuel; transportation, and all public utilities and common carriers as defined by existing statutes of the state.

The Kansas Court of Industrial Relations, 1920.

Chief powers.

The court has power to make investigations, serve process, take testimony, and adopt rules and regulations to govern its own proceedings. Appeal lies to the supreme court from its findings. The public welfare is declared to require continuity and efficiency in the operation of the industries, etc., named; the willful hindering, delay, limiting or suspension of such operations are therefore declared to be contrary to the purpose of the act.

Further powers.

The court may act on its own initiative, or upon the complaint of either party to a controversy, or of ten citizen taxpayers of the affected community, or of the attorney-general of the state. Investigation may extend to the conditions surrounding the workers, their wages, returns to capital, the rights and welfare of the public, — "and all other matters affecting the conduct of said industries, employments, public utilities, or common carriers."

How the court is set in motion.

The court is authorized to order any changes necessary in the matter of working and living conditions, hours of labor, rules and practices, and a reasonable minimum wage or standard of wages. Appeal may be taken within 10 days to the supreme court. If after 60 days' compliance the order is found to be unjust, unreasonable, or impracticable, the aggrieved party may apply for a modification, and a hearing shall thereupon be had, and the court of industry may modify its orders for cause shown.

Authority with respect to working and living conditions.

Enforcement is by process issuing from the supreme court on proceedings by the industrial court. Persons wilfully violating the provisions of the act, or any valid order of the court, are liable to

Enforcement of the orders of the court.

fine not exceeding \$100 or imprisonment not exceeding one year, or both. Officers of corporations or of labor unions who use their official positions wilfully to influence or compel violations are guilty of a felony and may be punished, upon conviction thereof, by a fine not exceeding \$5,000, or imprisonment at hard labor for not exceeding two years, or both. In case production or operation is suspended, the court may take proceedings for the taking over and operation of the industries or work affected. In any case a fair wage is to be paid the workers and a fair return allowed the owners.

Violence
and other
forms of
lawlessness.

It is an offense to do or perform any forbidden act, or fail or refuse to perform any act enjoined or directed by the court, acting either singly or in confederation with others; or to induce or intimidate any employer or worker to violate the orders of the court whether negatively or positively. Picketing, threats, abuse, or other forms of intimidation are unlawful in connection with the employments, industries, etc., governed by the act.

Recognition
of collective
bargaining.

Unions of workers are recognized, as is the right of collective bargaining. Individual workers are guaranteed freedom of action in making or terminating contracts, but it is unlawful for individuals to conspire with other persons to quit employment for the purpose of hindering, delaying, or interfering with the operation of industries covered by the act. Employees testifying as witnesses or otherwise active in securing the attention or action of the court may not be discharged or discriminated against because of such action.

Conclusion.

This is the most comprehensive attempt yet made to protect the public in cases of industrial disputes likely to affect its interests. . . .

Increasing
number of
plans for
industrial
peace.

The growing desire to decrease the antagonisms between labor and capital has led to numerous programs of industrial procedure. Some of these programs or proposals have frankly favored the interests of the laborers, while others have tended to favor the employers. Often the interests of the public at large have been inadequately represented in these so-called plans for industrial peace.

107. Proposed principles of industrial relations¹

¹ From the Chamber of Commerce of the United States, "A Labor Program by Business." Printed in *The Nation's Business*, April, 1919; p. 13.

Occasionally, a program is put forward which sincerely attempts to do justice, not only to the interests of labor and of capital, but of the public as well. An example of this last-named type of program is the "Labor Program by Business," drawn up by the Chamber of Commerce of the United States in 1919. The program follows:

Blind leaders of the blind persist in deceiving both parties to the readjustment in industrial relations.

The all-important question is whether the dominant voice in labor and in the interest of the employer shall tend to emphasize the existing differences in militant terms that will ultimately provoke the belief that alleged rights must be battled for; or whether the wiser group, knowing that the industrial program of the nation is not in reality a militant program but one of coöperation, shall gain the ascendancy and throttle the "red" tendencies of which the situation is possessed.

It was in response to the demand for announcing a program of coöperation that the Chamber of Commerce of the United States undertook the study of primary principles of such a program and started with this progress step by step until the basis of at least a really wise and workable plan could be evolved.

For several years the National Chamber has had committees studying questions on industrial relations. The latest committee was appointed last December and having advantage of the study over discoveries of earlier committees, it has formulated a statement of several principles to be followed in the United States. . . .

The principles formulated by this committee are to be placed before the 1100 commercial and trade organizations in the Chamber's membership for their consideration. The principles which will thus be submitted are:

I. Industrial enterprise, as a source of livelihood for both employer and employee, should be so conducted that due consideration is given to the situation of all persons dependent upon it.

II. The public interest requires adjustment of industrial relations by peaceful methods.

III. Regularity and continuity of employment should be sought to the fullest extent possible and constitute a responsibility resting alike upon employers, wage earners and the public.

The Chamber of Commerce of the United States formulates thirteen principles of industrial relations,

which it believes would safeguard the public interest,

IV. The right of workers to organize is as clearly recognized as that of any other class or part of the community.

further the
interests of
both labor
and capital,

V. Industrial harmony and prosperity will be most effectually promoted by adequate representation of the parties in interest. Existing forms of representation should be carefully studied and availed of in so far as they may be found to have merit and are adaptable to the peculiar conditions in the various industries.

VI. Whenever agreements are made with respect to industrial relations they should be faithfully observed.

VII. Such agreements should contain provision for prompt and final interpretation in the event of controversy regarding meaning or application.

VIII. Wages should be adjusted with due regard to the purchasing power of the wage, and to the right of every man to an opportunity to earn a living at fair wages, to reasonable hours of work and working conditions, to a decent home, and to the enjoyment of proper social conditions.

IX. Fixing of a basic day as a device for increasing compensation is a subterfuge that should be condemned.

and increase
the effi-
ciency of
the produc-
tive mech-
anism.

X. Efficient production in conjunction with adequate wages is essential to successful industry. Arbitrary restriction on output below reasonable standards is harmful to the interests of wage earners, employers, and the public and should not be permitted. Industry, efficiency and initiative, wherever found, should be encouraged and adequately rewarded, while indolence and indifference should be condemned.

XI. Consideration of reduction in wages should not be reached until possibility of reduction of costs in all other directions has been exhausted.

XII. Administration of employment and management of labor should be recognized as a distinct and important function of management and accorded its proper responsibility in administration organization.

XIII. A system of national employment offices, with due provision for coöperation with existing state and municipal systems, can be made, under efficient management and if conducted with due regard to the equal interests of employers and employees in its

proper administration, a most helpful agency, but only if all appointments are made strictly subject to the Civil Service Law and rules. Policies governing the conduct of a national system of employment offices should be determined in conjunction with advisory boards, — national, state and local, — equally representative of employers and employees.

108. The promise of employee representation ¹

The plans proposed for the settlement of industrial disputes are numerous, and though many of them have desirable points and work well in particular situations, no one is generally satisfactory. It is possible that we shall never be able to rely wholly upon any one method or principle, nevertheless there is a growing number of students who believe that a proper application of what is called "employee representation" promises greatly to increase industrial good-will. The nature and scope of this device are described in the following extract from the Report of the Industrial Conference called by the President of the United States in December, 1919:

Employee representation has been discussed under different names and forms, such as shop committees, shop councils, works councils, representative government in industry and others. But representation is a definite principle rather than a form. The Conference, therefore, prefers the generic term "employee representation." . . .

Employee representation organizes the relations of employer and employee so that they regularly come together to deal with common interests. It is operating successfully under union agreements in organized shops. It is operating in non-union shops, and it is operating in shops where union and non-union men work side by side. In plants working under union agreement, it adds to collective bargaining an agency of coöperation within the plant. It is itself an agency of collective bargaining and coöperation where union agreements do not obtain.

It is idle to deny the existence of conflicting interests between employers and employees. But there are wide areas of activity

There is probably no simple remedy for industrial warfare.

Forms of employee representation.

Its nature and extent.

¹ From the Industrial Conference called by the President, *Report*. March 6, 1920; pp. 9-11.

Importance
of the rep-
resentative
principle in
industry.

in which their interests coincide. It is the part of statesmanship to organize identity of interest where it exists in order to reduce the area of conflict. The representative principle is needed to make effective the employee's interest in production, as well as in wages and working conditions. It is likewise needed to make more effective the employer's interest in the human element in industry.

Opposition
to employee
representa-
tion

The idea of employee representation has aroused opposition from two sources. On the one hand, in plants too large for direct personal contact, employers who still adhere to the theory that labor is a commodity, hold off from any form of coöperation with employees. This view is steadily disappearing and will, it is hoped, wholly disappear. On the other hand, a number of trade union leaders regard shop representation as a subtle weapon directed against the union. This thought is apparently based on the fear that it may be used by some employers to undermine the unions. Conceived in that spirit no plan can be a lasting agency of industrial peace.

is based
upon a mis-
conception.

But occasional misuse of employee representation and the consequent hesitancy of organized labor to endorse it officially, are based on a misconception of the possible and desirable relations between the union and the shop committee. This relation is complementary, and not a mutually exclusive one. In many plants the trade union and the shop committee are both functioning harmoniously. . . .

Employee
representa-
tion not in-
compatible
with trade
unionism.

The union has had its greatest success in dealing with basic working conditions, and with the general level of wages in organized and partially organized industries and crafts. It has also indirectly exerted an influence on standards in unorganized trades. There is no reason to suppose that in the future this influence will not continue.

Local problems, however, fall naturally within the province of shop committees. No organization covering the whole trade and unfamiliar with special local conditions and the questions that come up from day to day, is by itself in a position to deal with these questions adequately, or to enlist the coöperation of employer and employee in methods to improve production and to reduce strain. . . .

The existence of employee representation in plants operating under union agreement does not necessarily reduce the scope of the union representative's work. But matters are more likely to

come to him as questions of the application of an agreement rather than as mere grievances. In other words he has greater opportunity for service in negotiation of an essentially conciliatory nature. . . .

Employee representation offers no royal road to industrial peace. No employer should suppose that merely by installing some system of shop representation he can be assured, without continued effort, of harmony and increased production. . . . The development and maintenance of right relations between employer and employee require more than mere organization. Intelligent and wise administration is needed of all those problems of production that directly touch the employee. . . . The elimination of human friction is, even from the point of view of increased production, at least no less important than the elimination of waste in materials, or in mechanical power. . . .

Limits of
employee
representa-
tion.

Questions on the foregoing Readings

1. What are two of the most serious types of industrial disturbances?
2. Compare the number of strikes in the United States during the years 1916, 1917, 1918 and 1919.
3. Compare the number of lockouts during the same years.
4. What was the total number of persons involved in strikes and lockouts during the year 1919?
5. Name some of the more important causes of strikes and lockouts.
6. Why is voluntary arbitration often a failure?
7. Illustrate the limits of voluntary arbitration with reference to the strike of the milk wagon drivers in New York in 1921.
8. Why does the question arise of making trade unions and employers' associations legally responsible for their acts?
9. Outline the law which Mr. Black proposes as a means of establishing such responsibility.
10. How does Mr. Black apply the "Roosevelt Trust Policy" to the question of industrial relations?
11. What has been responsible for the increasing demand that industrial disputes be settled by compulsory arbitration?
12. When was the Kansas Court of Industrial Relations established?
13. Outline the powers of this court.
14. How does this court enforce its decisions?
15. Give the main provisions in the labor program proposed in 1919 by the Chamber of Commerce of the United States.

16. What is meant by employee representation?
17. In what two quarters has the idea of employee representation aroused opposition?
18. Does this opposition prove that the principle of employee representation is a mistaken one? Why?
19. Explain how employee representation supplements, rather than absorbs, the functions of the trade union.
20. What is meant by saying that "employee representation offers no royal road to industrial peace"?

CHAPTER XIX

HEALTH IN INDUSTRY

109. The conservation of human life¹

One of the most significant developments in contemporary American life is the movement toward conservation. Since the days of President Roosevelt the question of the conservation of natural resources has been attracting wide attention, and yet this is only one phase of conservation. The greater and more inclusive problem is that of national efficiency. The waste of human life and energy in the United States is a menace to our national efficiency, and the elimination or reduction of this waste constitutes a grave social problem. Some phases of this problem are discussed in the following extract from the *Report on National Vitality, Its Wastes and Conservation*, prepared for the National Conservation Commission in 1908, by Professor Irving Fisher:

Growing importance of conservation.

PART II — BREADTH OF LIFE *versus* INVALIDITY

Chapter III — *Prevalence of Serious Illness*

I. *Loss of time.* — Life is shortened by death and narrowed by invalidity. The ideal life, with respect to health, would be free from illness and disability of every kind. To approximate such an ideal is the aim of hygiene. It is usually true that the healthier a life the longer it will last. Humboldt maintained that he had lived four working lives by retaining a working power double the average for double the average number of years. According to Farr, for every death there is an average severe sickness of two years, or for each death per year there are two persons sick throughout the year. This would mean in the United States that, as there are about 1,500,-

Loss of time through death and sickness.

¹ From the Committee of One Hundred on National Health, *Report on National Vitality, Its Wastes and Conservation*, prepared by Irving Fisher. Washington, 1909. Summary of Parts II and IV.

ooo annual deaths, there will always be about 3,000,000 persons on the sick list, which is equivalent to about thirteen days per capita. . . .

Accidents.

American railways in 1907-1908 killed nearly 11,800 and injured nearly 111,000 persons. The deaths and disablements from accidents in industry, although less carefully recorded, also represent a great and needless impairment of efficiency. . . .

Chapter V — *Prevalence of undue fatigue*

Evils of a
too long
working day.

. . . 6. *The working day.* — The present working day, from a physiological standpoint, is too long, and keeps the majority of men and women in a continual state of over-fatigue. It starts a vicious circle, leading to the craving of means for deadening fatigue, thus inducing drunkenness and other excesses. Experiments in reducing the working day show a great improvement in the physical efficiency of laborers, and in many cases result in even increasing their output sufficiently to compensate the employer for the shorter day. Several examples of such a result exist, but the real justification for a shorter work day is found in the interest of the race, not the employer. One company, which keeps its factory going night and day, found, on changing from two shifts of twelve hours each to three shifts of eight hours each, that the efficiency of the men gradually increased, and the days lost per man by illness fell from seven and one-half to five and one-half per year. Public safety requires, in order to avoid railway collisions and other accidents, the prevention of long hours, lack of sleep, and undue fatigue in workmen. . . .

PART IV — RESULTS OF CONSERVING LIFE

Chapter XII — *The Money Value of Increased Vitality*

Preventable
human
wastes
measured
in money.

1. *Money appraisal of preventable wastes.* — Doctor Farr has estimated the net economic value of an English agricultural laborer at various times of life by discounting his chance of future earnings after subtracting the cost of maintenance. On the basis of this table we may construct a rough estimate of the worth of an average American life at various ages, assuming that only three-fourths of those of working age are actually earners of money or housekeepers.

It gradually rises from a value of \$90 in the first year to \$4,200 at the age of 30, and then declines until it becomes negative for the higher ages. . . . Applying this table to [our] existing population at various ages, . . . we find that the average value of a person now living in the United States is \$2,900, and the average value of the lives now sacrificed by preventable deaths is \$1,700. . . . Applying the \$2,900 to the population of eighty-five and a half millions, we find that our population may be valued as assets at more than \$250,000,000,000; and since the number of preventable deaths is estimated at 630,000, the annual waste from preventable deaths is 630,000 times \$1,700 or about \$1,000,000,000. This represents the annual preventable loss of potential earnings. . . .

Example of
the United
States.

2

110. Minimum standards for child laborers¹

From the standpoint of national health, one of the most serious evils in American life is the widespread employment of young children in industrial establishments. Fortunately there is an increasingly large number of laws which limit and control child labor. Thanks to the publicity work of such organizations as the National Child Labor Committee, the public is becoming aware of the necessity of still further safeguarding young children, so that the future will undoubtedly see a steady reduction in the evil of child labor. The following are the minimum standards for children entering employment, as drawn up by the Washington and Regional Conferences on Child Welfare in 1919:

Progress in
child labor
legislation.

Minimum Standards for Children Entering Employment

Age Minimum. — An age minimum of 16 for employment in any occupation, except that children between 14 and 16 may be employed in agriculture and domestic service during vacation periods until schools are continuous throughout the year.

Standards
for children
entering in-
dustry, with
respect to
age,

An age minimum of 18 for employment in and about mines and quarries.

An age minimum of 21 for girls employed as messengers for telegraph and messenger companies.

¹ From the *Washington and Regional Conferences on Child Welfare*, 1919. (Printed and distributed by the National Child Labor Committee.)

An age minimum of 21 for employment in the special-delivery service of the U. S. Post Office Department.

Prohibition of the employment of minors in dangerous, unhealthy, or hazardous occupations, or at any work which will retard their proper physical or moral development.

education, *Educational Minimum.* — All children between 7 and 16 years of age shall be required to attend school for at least nine months each year.

Children between 16 and 18 years of age who have completed the eighth but not the high-school grade, and are legally and regularly employed, shall be required to attend day continuation schools at least eight hours a week.

Children between 16 and 18 who have not completed the eighth grade or children who have completed the eighth grade and are not regularly employed shall attend full-time school. Occupational training especially adapted to their needs shall be provided for those children who are unable because of mental subnormality to profit by ordinary school instruction.

Vacation schools placing special emphasis on healthful play and leisure time activities, shall be provided for all children.

physical condition, *Physical minimum.* — A child shall not be allowed to go to work until he has had a physical examination by a public-school physician or other medical officer especially appointed for that purpose by the agency charged with the enforcement of the law, and has been found to be of normal development for a child of his age and physically fit for the work at which he is to be employed.

There shall be annual physical examination of all working children who are under 18 years of age.

hours of employment, *Hours of employment.* — No minor shall be employed more than 8 hours a day or 44 hours a week. The maximum working day for children between 16 and 18 shall be shorter than the legal working day for adults.

The hours spent at continuation schools by children under 18 years of age shall be counted as part of the working day.

Night work for minors shall be prohibited between 6 P.M. and 7 A.M.

Minimum wage. — Minors at work shall be paid at a rate of wages

which for full-time work shall yield not less than the minimum and wages. essential for the "necessary cost of proper living, as determined by a minimum wage commission or other similar official board." During a period of learning they may be rated as learners and paid accordingly. The length of the learning period should be fixed by such commission or other similar official board, on educational principles only.

Placement and employment supervision. — There shall be a central agency which shall deal with all juvenile employment problems. . . . Some additional standards.

Employment certificates. — Provision shall be made for issuing employment certificates to all children entering employment who are under 18 years of age. . . .

Compulsory attendance laws. — Full-time attendance officers adequately proportioned to the school population shall be provided in cities, towns, and counties to enforce the school attendance law. . . .

Factory inspection and physical examination of employed minors. — The number of [factory] inspectors shall be sufficient to insure semi-annual inspection of all establishments in which children are employed, and such special inspections and investigations as are necessary to insure the protection of the children. Factory inspection and physical examination.

Provision should be made for a staff of physicians adequate to examine annually all employed children under 18 years of age.

111. Standards governing the employment of women¹

Closely related to the question of child labor is the employment of women in industrial establishments. While most students agree that the employment of women ought to be safeguarded rather than actually prohibited, nevertheless such employment may give rise to problems fully as grave as those arising from child labor. Increasing importance of the problem of women in industry.

During recent years the proportion of gainfully employed women in the United States has been increasing steadily, and the question of their protection in industrial pursuits is attracting more and more attention. In 1918 the United States Department of Labor drew

¹ From the United States Department of Labor, *Standards for the Employment of Women in Industry*. Bulletin No. 3, Washington, 1918.

up the following standards governing the employment of women in industry:

STANDARDS RECOMMENDED FOR THE EMPLOYMENT OF WOMEN

(In the following outline the italic type in the text indicates those provisions which are held to be of the most vital importance.)

I. Hours of Labor

The hours
of labor
for women
in industry.

1. *Daily hours.* No women shall be employed or permitted to work more than eight hours in any one day. The time when the work of women employees shall begin and end and the time allowed for meals shall be posted in a conspicuous place in each work room and a record shall be kept of the overtime of each woman worker.

2. *Half holiday on Saturday.* Observance of the half-holiday should be the custom.

3. *One day of rest in seven.* Every woman worker shall have one day of rest in every seven days.

4. *Time for meals.* At least three-quarters of an hour shall be allowed for a meal.

5. *Rest periods.* . . .

6. *Night work.* No women shall be employed between the hours of ten P.M. and six A.M.

II. Wages

Wages.

1. *Equality with men's wages.* Women doing the same work as men shall receive the same wages with such proportionate increases as the men are receiving in the same industry. . . .

2. *The basis of determination of wages.* Wages should be established on the basis of occupation and not on the basis of sex. The minimum wage rate should cover the cost of living for dependents and not merely for the individual.

III. Working Conditions

Working
conditions
in estab-
lishments
employing
women.

1. *Comfort and sanitation.*—State labor laws and industrial codes should be consulted with reference to provisions for comfort and sanitation. Washing facilities, with hot and cold water, soap and individual towels, should be provided in sufficient number and in accessible locations to make washing before meals and at the close of the work day convenient.

Toilets should be separate for men and women, clean and accessible. Their numbers should have a standard ratio to the number of workers employed. Workroom floors should be kept clean. Dressing rooms should be provided adjacent to washing facilities, making possible change of clothing outside the workrooms. Rest rooms should be provided. Lighting should be arranged that direct rays do not shine into the workers' eyes. Ventilation should be adequate and heat sufficient. Drinking water should be cool and accessible with individual drinking cups or bubble fountain provided. Provision should be made for the workers to secure a hot and nourishing meal eaten outside the workroom, and if no lunch rooms are accessible near the plant, a lunch room should be maintained in the establishment.

2. *Posture at work.* — Continuous standing and continuous sitting are both injurious. A seat should be provided for every woman employed and its use encouraged. It is possible and desirable to adjust the height of the chairs in relation to the height of machines or work tables, so that the worker may with equal convenience and efficiency stand or sit at her work. The seats should have backs. If the chair is high, a foot rest should be provided.

3. *Safety.* — Risks from machinery, danger from fire and exposure to dust, fumes or other occupational hazards should be scrupulously guarded against by observance of standards in state and Federal codes. First aid equipment should be provided. Fire drills and other forms of education of the workers in the observance of safety regulations should be instituted. . . .

IV. Home Work

1. *No work shall be given out to be done in rooms used for living or sleeping purposes or in rooms directly connected with living or sleeping rooms in any dwelling or tenement.* . . . Home work.

112. Results of minimum wage legislation¹

One method of protecting women and children in industry is through minimum wage legislation. The essential feature of a minimum wage law is that it provides that in all or specified occupations certain

¹ From the United States Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*. Washington, March, 1921; pp. 17-20.

Origin and development of minimum wage legislation in the United States.

individuals may not be employed at less than a designated wage. The first minimum wage statute in this country was enacted by Massachusetts in 1912, but so rapidly did the movement spread that by 1921 more than a dozen states had minimum wage laws on their statute books. In every case, such legislation applies only to the employment of women and children, men being exempted from the operation of this type of law. In 1919 the United States Department of Labor conducted a survey of minimum wage legislation in the United States in order to discover its effects. The following is an extract from the report of the Department:

Extent of the survey conducted by the U.S. Department of Labor in 1919.

[What is the attitude of the employers toward the law? The agent of the Bureau of Labor Statistics in the Department of Labor], in his tour of ten states was, of course, able to interview only a fractional part of the employers affected. However, the aggregate amounted to above 260, with more than 62,000 women and minors in their employment. The number of employers who expressed actual opposition to the law was almost negligible, though some were vigorous in their denunciation of it. The great majority accepted the law as a declaration of state policy and declared themselves ready to comply therewith, while many went beyond this and expressed cordial approval of its principle and purpose. . . .

Attitude of employers toward the minimum wage law in San Francisco

Thus, taking a run of expressions in San Francisco as they were obtained, a department-store employer said that he had no objection to the law, that it worked no hardship, that the girls were interested to make good, and that the law was a great help in developing standards. The next visit was to a 5 and 10 cent store in which the law was said to be satisfactory, causing conditions which tended toward stability. Next a large department store reported the law "has an effect to stabilize and standardize employment, this being one of the chief accomplishments of the law"; "have had no dismissal or reduction in twelve months on account of incompetency." Next a smaller department store (275 females) reported it "not objectionable," while the women "think it greatly worth while." Next a department store: "Is splendid, rates certainly not too high," and it was believed that employers generally favored the law. One of the largest stores: "Such a law is the only thing to have"; another department store: "Regard it most favorably"; cannery: "Is satis-

factory"; . . . chocolate factory: "Want Federal law to protect against interstate competition"; glacé fruits: "No objection to law, but should be general"; candies: "Has good effect"; . . . lithograph company: "Law no check on business"; . . . clothing factory: "Attitude is favorable, though the law should be general"; shirts and overalls: "Is a good thing"; 5 and 10 cent store: "Approve of the law, but should be general"; knit-goods factory: "Find it better to pay above minimum, though think the law has no effects on the quality of the workers"; clothing factory: "Law no check on business"; millinery: "No objection to law since it treats all alike"; . . . bags: "Law is good thing, as it holds out prospect of advance to those who stay through learning period"; . . .

This complete roster of the places visited in an important city and in other cities. in which union conditions only partially prevail is believed to be fairly representative. . . . Expressions found in the "Twin Cities" of Minnesota run as follows: "Law not desirable though it has a good effect for low-grade establishments"; "rate reasonable now but may be too high under other conditions"; "no objection"; "all right for skilled, but makes rate for learners too high and advances too rap'id"; "law all right"; "law is acceptable"; "tends to stabilize and gives self-respect to workers"; "approve the law, rates might be higher"; "dislike it very much"; "glad to have it"; "help is better and more contented"; "have been hurt and no help"; "not liked, paternalistic"; "law is all right"; "all right, but learners' rates too low"; "are ahead of law and intend always to comply"; "is all right and might go higher"; "attitude favorable"; "approve the law and could stand higher rate if uniform"; "keep ahead of law"; "principle is good"; "gladly comply"; "heartly coöperation"; . . .

Organized labor was, for the most part, found to be favorable to legislation of this type, the claim being made in several states that the act was "organized labor's bill." State conventions have gone on record in favor of the measures and their adequate enforcement, so that the occasional criticism made to the effect that the law was bad, because it led the women to depend on it rather than to organize, must be discounted as not indicating the general opinion of union labor on the subject. The attitude of organized labor.

Conclusion.

The conclusion is inevitable that the allegations of injury to the workers as a result of minimum wage laws are without foundation, and that employers find it at least feasible to operate under the law, while many of them are its ardent supporters. . . .

113. A typical workmen's compensation law¹ 5

Social insurance in the United States.

Of increasing importance in the field of labor legislation is social insurance. Social insurance involves the compulsory insurance of industrial employees against accident, sickness, old age, or unemployment. Up to the present time the only form of social insurance which has met with wide favor in the United States is insurance against industrial accidents. Such insurance is now quite generally provided under so-called workmen's compensation laws. The following extracts from the Workmen's Compensation Law of New York will illustrate something of the purpose and scope of such legislation:

Title and application of the law.

ARTICLE 1, *Section 1. Short title.* — This chapter shall be known as the "workmen's compensation law."

Section 2. Application. — Compensation provided for in this chapter shall be payable for injuries sustained or death incurred by employees engaged in the following hazardous employments: [Here following a detailed list of employments, classified into forty-seven groups.] . . .

The liability of the employer.

ARTICLE 2, *Section 10. Liability for compensation.* — Every employer subject to the provisions of this chapter shall pay or provide as required in this chapter compensation according to the schedule of this article for the disability or death of his employee resulting from an accidental personal injury sustained by the employee arising out of and in the course of his employment, without regard to fault as a cause of such injury, except where the injury is occasioned by the wilful intention of the injured employee to bring about the injury or death of himself or of another, or where the injury results solely from the intoxication of the injured employee while on duty. . . .

Section 12. Compensation not allowed for first two weeks. — No

¹ From the *Statutes of the State of New York, Workmen's Compensation Law*, as amended to August 1, 1920.

compensation shall be allowed for the first fourteen days of disability, except the benefits provided for in section thirteen of this chapter, provided, however, that in case the injury results in disability of more than forty-nine days the compensation shall be allowed from the date of the disability.

A two weeks exemption period.

Section 13. Treatment and care of injured employees. — The employer shall promptly provide for an injured employee such medical, surgical or other attendance or treatment, nurse and hospital service, medicine, crutches and apparatus as the nature of the injury may require during sixty days after the injury; but the [state commission administering the law] may, where the nature of the injury or the process of recovery requires a longer period of treatment, require the same from the employer. . . .

The treatment and care of the injured workmen.

Section 14. Weekly wages basis of compensation. — Except as otherwise provided in this chapter, the average weekly wages of the injured employee at the time of the injury shall be taken as the basis upon which to compute compensation or death benefits. . . .

Basis of compensation.

Section 15. Schedule in case of disability. — The following schedule of compensation is hereby established:

Schedule governing the payment of amounts due the injured workman.

1. Total permanent disability. In case of total disability adjudged to be permanent sixty-six and two-thirds per centum of the average weekly wages shall be paid to the employee during the continuance of such total disability. Loss of both hands, or both arms, or both feet, or both legs, or both eyes, or of any two thereof shall, in the absence of conclusive proof to the contrary, constitute permanent total disability. . . .

2. Temporary total disability. In case of temporary total disability, sixty-six and two-thirds per centum of the average weekly wages shall be paid to the employee during the continuance thereof, but not in excess of three thousand five hundred dollars, except as otherwise provided in this chapter.

3. Permanent partial disability. In case of disability partial in character, but permanent in quality, the compensation shall be sixty-six and two-thirds per centum of the average weekly wages and shall be paid to the employee for the period named in the schedule, as follows:

Thumb. For the loss of a thumb, sixty weeks.

First finger. For the loss of a first finger, commonly called index finger, forty-six weeks.

Second finger. For the loss of a second finger, thirty weeks.

Third finger. For the loss of a third finger, twenty-five weeks.

Fourth finger. For the loss of a fourth finger, commonly called the little finger, fifteen weeks.

[The remainder of this section specifies the nature and extent of compensation for injury sustained to other parts of the body.]

The death benefit.

Section 16. Death benefits. — If the injury causes death, the compensation shall be known as a death benefit and shall be payable in the amount and to and for the benefit of the persons following: [The remainder of this section specifies the amount of the funeral expenses, and the nature and extent of compensation paid the surviving wife, dependent husband, dependent children or other designated dependents.] . . .

114. The constitutionality of labor legislation ¹

The opposition to labor legislation.

The student of American politics cannot but be struck by the recent tendency of our legislatures to enact statutes which have for their prime purpose the protection of wage-earners. Yet marked as this tendency has been, labor legislation in this country has met with considerable opposition. Our system of written constitutions and our dual form of government, dividing responsibility for action or inaction between the Federal government and the various state governments, introduce many complications. The jealousy existing between states often prevents the passage of social legislation, and the plea of "constitutionality" may nullify statutes duly enacted. In the following selection, Professor Carlton discusses this last-named obstacle to labor legislation:

Certain negative clauses

Trend of Court Decisions. — The extreme aversion to legal limitations upon the independence of the individual, and the excessive fear of governmental control, have led to some unanticipated consequences. Certain negative clauses which restrain constituted authority were incorporated into our state and Federal constitutions. These clauses were aimed at the ever-present specter of tyrannical

¹ From Frank Tracy Carlton, *The History and Problems of Organized Labor*. D. C. Heath & Co., 1911; pp. 269-272.

government. By a peculiar transmutation through judicial interpretation they have become bulwarks behind which property owners are able to strongly intrench themselves. The familiar clause declaring that no person shall "be deprived of life, liberty, or property, without due process of law," was originally inserted into our constitutional system in order to prevent confiscation of property by tyrannical officials.

Another familiar prohibition incorporated into our constitutional system for similar reasons declares that no law may be passed which interferes with the freedom of private contracts or engagements. Again, more or less defined prohibitions of special or class legislation which grants special privileges are found in the constitutions of many states; and the fourteenth amendment to the Federal Constitution among other things declares "that no state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States."

in our Federal and state constitutions have been interpreted so as

Strictly interpreted, these clauses seem to constitute a constitutional prohibition of legislation which interferes with the so-called freedom of contract, and of class legislation. In reality, these prohibitions artificially strengthen what are called individual and corporate rights, and give those rights an almost impregnable position. . . .

artificially to strengthen individual and corporate rights.

Labor legislation constitutes an interference with the original and unmodified doctrines of liberty and of the freedom of contract. Labor legislation when sustained by the courts is sustained as a legitimate exercise of the police power. The decisions are still conflicting, and the outcome in a given case involving the application of the police power, uncertain; but the philosophy underlying our judicial system is undoubtedly undergoing radical and far-reaching modifications.

Labor legislation and the police power.

The majority of the members of the Supreme Court of the United States during the decade from 1900 to 1910 were old men. Several were over seventy years of age; and a recent appointee is nearly seventy years old. These men received their training and had their ideals and philosophy of life definitely formulated a generation ago. But since that time the fundamentals of economic and political science have been subjected to important transformations. As younger

Conservative influence of the Supreme Court, 1900 to 1910.

men, trained in the newer school of economics and saturated with the recent teachings of our colleges and universities, come to the front in the legal profession, we may confidently expect the older *laissez faire* or individualistic theory of the law and of justice to be more rapidly modified.

The recent trend of court decisions is favorable to the development of labor legislation.

The trend of court decisions has been away from the traditional idea of freedom and *laissez faire*, and toward an increase in the police power of the state in the interests of practical and tangible freedom for the individual. The pressure of industrial change has been so potent and compelling that legal precedents, social inertia, and the direct opposition of certain classes in the community have gradually, but tardily, yielded. There is reason to believe that many limitations now deemed essential by our courts will soon be seen to be non-essential and subversive of free institutions in the twentieth century. . . . One student of this problem has arrived at the conclusion that the constitutionality of a restrictive labor law depends upon its wisdom. "In other words, granted that a restriction is wise under the given condition, it is an easy task to prove that it is also constitutional." This over-enthusiastic statement is borne out in a large measure by the court decisions relative to the constitutionality of laws limiting the hours of the working day. It is perhaps needless to remark that the interpretation of what is wise or unwise in a given situation will be subject to wide variation. . . .

Questions on the foregoing Readings

1. What is an important menace to our national efficiency?
2. Discuss the loss of time in the United States which is due to invalidity.
3. What are the effects of a shortened working day upon health?
4. Discuss the money appraisal of preventable waste in human life in the United States.
5. Outline the age minimum for the employment of children, as formulated by the Washington and Regional Conferences on Child Welfare.
6. What can be said as to the educational minimum for children entering industrial employments?
7. What physical minimum should be insisted upon for children entering industry?

8. What limitations should be placed upon child labor with respect to hours of employment?
9. What provision should be made for the physical examination of employed minors?
10. What problem is closely related to the question of child labor?
11. Is it the opinion of most students of the problem that the employment of women should be prohibited, or that it should merely be safeguarded?
12. Outline the standards recommended by the Department of Labor with respect to the hours during which women ought to be employed.
13. What are the standards of this Department with respect to the wages of women?
14. Outline the chief recommendations of the Department of Labor with respect to the conditions under which women ought to work.
15. What is the recommendation of the Department with respect to home work?
16. When and where was the first minimum wage law enacted in this country?
17. Summarize the opinions of employers toward the minimum wage, as ascertained by the Bureau of Labor Statistics in 1919.
18. What, in general, was found to be the attitude of organized labor toward this type of legislation?
19. What forms may social insurance take? Which of these forms is well developed in the United States?
20. Summarize the provisions of the Workmen's Compensation Law of New York with respect to the employer's liability for compensation.
21. What does this law say regarding the treatment and care of injured employees?
22. What does the law say concerning the schedule of compensation in case of disability?
23. What are some of the factors which have obstructed the progress of labor legislation in this country?
24. Enumerate some constitutional clauses which have artificially strengthened individual and corporate rights.
25. What reason does Professor Carlton give for the conservative character of the decisions of our Supreme Court between 1900 and 1910?
26. What does Professor Carlton conclude as to the recent trend of court decisions with respect to labor legislation?

CHAPTER XX

IMMIGRATION AND ASSIMILATION

115. The nature of the immigrant labor supply ¹

Of the numerous phases of the immigration problem, the economic is perhaps the most fundamental.

Recent immigrants unfamiliar with the occupations which they enter in this country.

Illiteracy.

Of the numerous problems confronting the American people, few are more pressing and none is more complex than that of immigration. Of the many aspects which this problem presents, perhaps the most fundamental is the economic. The influx into this country of millions of unskilled laborers has exerted a profound effect upon our industrial life, and, indirectly, upon our social and political institutions. The industrial significance of the immigrant is shown by the following extract, in which the United States Immigration Commission outlines the salient characteristics of the labor supply furnished by the "new" immigration:

(a) From a strictly industrial standpoint, one of the facts of greatest import relative to the new arrivals has been . . . that an exceedingly small proportion have had any training or experience . . . for the industrial occupations in which they have found employment in this country. The bulk of recent immigrants has been drawn from the agricultural classes of southern and eastern Europe and most of the recent immigrants were farmers or farm laborers in their native lands. In this respect they afford a striking contrast to immigrants of past years from Great Britain and northern Europe, who were frequently skilled industrial workers before coming to the United States, and who sought positions in this country similar to those which they had occupied abroad.

(b) In addition to lack of industrial training and experience, the new immigrant labor supply has been found to possess but small resources from which to develop industrial efficiency and advancement. . . . Practically none of the races of southern and eastern

¹ From the United States Immigration Commission, *Abstracts of Reports, with Conclusions, etc.* Washington, 1911, Vol. I, pp. 498-500.

Europe have been able to speak English at the time of immigration to this country, and, owing to their segregation and isolation from the native American population in living and working conditions, their progress in acquiring the language has been very slow. The incoming supply of immigrant labor has also been characterized by a high degree of illiteracy. . . .

(c) Still another salient fact in connection with the recent immigrant labor supply has been the necessitous condition of the newcomers. . . . Recent immigrants have usually had but a few dollars in their possession when they arrived at the ports of disembarkation. Consequently they have found it absolutely imperative to engage in work at once. They have not been in position to take exception to the wages or working conditions offered, but must needs go to work on the most advantageous terms they could secure.

Effect of
lack of
funds upon
arrival.

(d) The standards of living of the recent industrial workers from the south and east of Europe have been low. . . . During the earlier part, at least, of their residence in the United States, they have been content with living and working conditions offered to them, and it has been only after the most earnest solicitation, or sometimes even coercion, upon the part of older employees, that they have been persuaded or forced into protests. . . . The life interest and activity of the average wage-earner from southern and eastern Europe have seemed to revolve principally about three points: (1) To earn the largest possible amount of immediate earnings under existing conditions of work; (2) to live upon the basis of minimum cheapness; and (3) to save as much as possible. The ordinary comforts of life as insisted upon by the average American have been subordinated to the desire to reduce the cost of living to its lowest level.

Recent im-
migrants
have a low
standard of
living.

(e) [Again, recent immigrants] have constituted a mobile, migratory, wage-earning class, constrained mainly by their economic interest, and moving readily from place to place according to changes in working conditions or fluctuations in the demand for labor. . . . In brief, the recent immigrants have no property or other restraining interests which attach them to a community. . . .

A transient
class.

(f) The members of the larger number of races of recent entrance to the mines, mills, and factories as a rule have been tractable and easily managed. This quality seems to be a temperamental one

Attitude in
industrial
disputes.

acquired through present or past conditions of life in their native lands. When aroused by strikes or other industrial dissensions, some eastern European races have displayed an inclination to follow their leaders to any length, . . . but in the normal life of the mines, mills, and factories, the southern and eastern Europeans have exhibited a pronounced tendency toward being easily managed by employers and toward being imposed upon without protest, which has created the impression of subserviency. . . .

116. Living conditions in immigrant communities¹

Survey conducted by the U.S. Immigration Commission.

The congestion of immigrants in large cities has long been considered one of the most unfavorable features of the modern problem of immigration. In 1911 the United States Immigration Commission reported upon the results of an extensive survey, conducted under its direction for the purpose of ascertaining the character of living conditions in immigrant communities in the crowded quarters of New York, Chicago, Philadelphia, Boston, Cleveland, Buffalo and Milwaukee. A summary of the results of this investigation follows:

Foreword.

In view of the fact that this study is limited to congested and poor districts of the cities investigated, it is important to keep in mind that the report does not represent conditions outside of such districts, and that comparisons by race apply only to those representatives of each race who live in the poorer sections of the cities.

Predominance of recent immigrants.

1. The search for immigrant races in congested districts revealed the fact that the population of such districts consists predominantly of races of recent immigration. Races of the older immigration and their descendants are represented for the most part only by the remnants of an earlier population, whose economic progress has not kept pace with that of their fellows who have moved to better surroundings. . . .

2. Forty-eight of every 100 foreign-born male heads of households studied have come to the United States within the past ten years, and 21 of every 100 have come within five years. . . .

3. Immigration to the United States has been, on the part of male heads of households in the districts studied, largely a migration from

¹ From the United States Immigration Commission, *Abstracts of Reports, with Conclusions, etc.* Washington, 1911, Vol. 1, pp. 727-730.

- country to city of people unfamiliar with urban conditions. Thirty-nine of every 100 who were 16 years of age or over at the time of coming to the United States were engaged in farming in the country of their former residence. . . .
4. Nearly one-tenth of all the families investigated own their homes. . . . In general much larger proportions of the older immigrant races than of those of recent immigration are home owners. . . .
5. Twenty-six households in every 100 studied keep boarders or lodgers. . . . The proportion is smaller in native-born white households than in foreign households. Considering all immigrants regardless of race, it will be found that the proportion of households with boarders or lodgers is only about half as great among immigrants who have lived in the United States ten years or more as among the more recent immigrants.
6. Forty-five in every 100 of the homes studied are kept in good condition, and 84 in every 100 are kept in either good or fair condition. . . . As a rule the races of the older immigration have a higher proportion of well-kept apartments than have the recent immigrant races, but in general the proportion of well-kept homes is high. The neglected appearance of a great many of the streets is a result of the indifference on the part of the city authorities. . . . In frequent cases the streets are dirty while the homes are clean.
7. Sanitary equipment depends primarily on the city. The districts investigated in Philadelphia and Cleveland make the least satisfactory showing in this respect. . . .
8. In the households investigated the average number of persons per 100 rooms is 134, and per 100 sleeping rooms 232. The cities may be arranged in regard to crowding in the following order: Boston, 144 persons per 100 rooms; Philadelphia, 141; Cleveland, 140; New York, 139; Buffalo, 133; Chicago, 126; Milwaukee, 114. Density of population, or congestion per acre, is not the only factor in determining the degree of crowding per room. Well-regulated tenement houses are better adapted to the needs of a crowded city than are private homes converted for the use of several families. Enlightened tenement-house laws, effectively enforced, minimize the unavoidable evils which arise from the crowding together of large numbers of families. . . .

Previous
condition.

Proportion
of home
owners.

Boarders
and lodgers.

Cleanliness,

sanitation,

and con-
gestion in
the cities
surveyed.

Rents.

9. Households of immigrants as compared with native-born white households pay, on the whole, higher rents per room but considerably lower rents per person. The lower rents per person among immigrants are, of course, due to the greater number of persons per room. The larger size of the households is due in considerable degree to the greater number of boarders and lodgers among immigrants. . . .

Literacy.

10. A great majority of foreign-born male heads of households who came to the United States before reaching 14 years of age are now able to speak English and to read and write. Practically all persons native-born of foreign father among those studied speak the English language and are able to read and write. . . .

117. The literacy test¹

History of
the literacy
test.

The number and complexity of the problems to which immigration has given rise, has repeatedly raised the question of the exclusion of certain classes of immigrants. After the Civil War there was an increasing demand that illiterate immigrants be excluded from the United States. Between 1897 and 1915 Congress passed three different bills embodying a literacy test for immigrants, but each of these was vetoed by the President, the first by Cleveland in 1897, the second by Taft in 1913, and the third by Wilson in 1915. In 1917, however, a comprehensive immigration law was enacted, and in the third section of this statute there is provision for a literacy test, as follows:

The Act of
1917.

[It is provided] that after three months from the passage of this Act, in addition to aliens who are by law now excluded from admission into the United States, the following persons shall also be excluded from admission thereto, to wit:

Essence of
the literacy
test provi-
sion.

All aliens over sixteen years of age, physically capable of reading, who cannot read the English language, or some other language or dialect, including Hebrew or Yiddish:

Exception
in the case
of certain
near rela-
tives.

Provided, That any admissible alien, or any alien heretofore or hereafter legally admitted, or any citizen of the United States, may bring in or send for his father or grandfather over fifty-five years of age, his wife, his mother, his grandmother, or his unmarried or widowed daughter, if otherwise admissible, whether such relative can read or not; and such relative shall be permitted to enter.

¹ From the *Statutes of the United States, Immigration Law of 1917*, Section 3.

That for the purpose of ascertaining whether aliens can read the immigrant inspectors shall be furnished with slips of uniform size, prepared under the direction of the Secretary of Labor, each containing not less than thirty nor more than forty words in ordinary use, printed in plainly legible type in some one of the various languages or dialects of immigrants. Each alien may designate the particular language or dialect in which he desires the examination to be made, and shall be required to read the words printed on the slip in such language or dialect.

The nature of the literacy test.

That the following classes of persons shall be exempt from the operation of the illiteracy test, to wit:

Classes exempted from the operation of the test.

All aliens who shall prove to the satisfaction of the proper immigration officer or to the Secretary of Labor that they are seeking admission to the United States to avoid religious persecution in the country of their last permanent residence . . . ; all aliens who have been lawfully admitted to the United States and who have resided therein continuously for five years and who return to the United States within six months from the date of their departure therefrom; all aliens in transit through the United States; all aliens who have been lawfully admitted to the United States and who later shall go in transit from one part of the United States to another through foreign contiguous territory: *Provided*, That nothing in this Act shall exclude, if otherwise admissible, persons convicted, or who teach or advocate the commission, of an offense purely political. . . .

118. Why California objects to the Japanese¹

The problem of Japanese immigration is of very recent origin, and in one sense is acute only on the Pacific Coast. Nevertheless, this phase of the general immigration question is a matter of national concern, involving not only economic, social and political problems at home, but also relations between the governments of Japan and the United States. At present heavy restrictions are imposed upon the immigration of Japanese into the United States, and it seems likely that such restrictions will be continued. In the following

Significance of Japanese immigration.

¹ From the American Academy of Political and Social Science, *Annals*. Vol. XCIII. Philadelphia, 1921; pp. 16-17.

selection, California's objections to the Japanese invasion are summed up by Hon. James D. Phelan, United States Senator from California:

Necessity of
prompt
action.

The solution of the Japanese problem, growing out of the California situation, requires prompt action by Congress. It is charged with danger. The people of Japan, as well as the people of the eastern states, should be informed in a spirit of frankness. There should be no misunderstanding, because misunderstandings breed trouble.

Great numbers of Japanese, men and women, are in California, and are acquiring large tracts of agricultural land. The state law forbade ownership by aliens ineligible to citizenship, but the Japanese took deeds in the name of their children born on the soil, or in the name of corporations, and so circumvented the intent of the law. The initiative law adopted at the recent November elections will, it is hoped, prevent this circumvention, thus making further acquisition impossible.

The eco-
nomic ob-
jection to
the Japa-
nese.

The Japanese also lease lands and work for a share of the crop, and when thus working for themselves are impossible competitors, and drive the white settlers, whose standards of living are different, from their farms. The white farmer is not free from cupidity when tempted by Japanese to sell out at high prices, and they do sell out and disappear. The state, therefore, is obliged as a simple matter of self-preservation to prevent the Japanese from absorbing the soil, because the future of the white race, American institutions, and western civilization are put in peril. The Japanese do not assimilate with our people and make a homogeneous population, and hence they cannot be naturalized and admitted to citizenship.

The
racial
question.

Exclusion of
the Japanese
a matter
of self-preser-
vation.

Therefore, the question is principally economic, and partly racial. Japan herself excluded Chinese in order to preserve her own people, and that is what California, Australia and Canada are doing. Japanese statesmen must surely, for these reasons, acquit Americans of race prejudice. We are willing to receive diplomats, scholars and travelers from Japan on terms of equality, but we do not want her laborers. We admire their industry and cleverness, but for that very reason, being a masterful people, they are more dangerous. They are not content to work for wages, as do the Chinese, who are excluded, but are always seeking control of the farm and of the crop.

Immigration and naturalization are domestic questions, and no people can come to the United States except upon our own terms. We must preserve the soil for the Caucasian race. The Japanese, by crowding out our population, produce disorder and bolshevism among our own people, who properly look to our government to protect them against this destructive competition. California, by acting in time, before the evil becomes even greater, expects to prevent conflict and to maintain good relations with the Japanese Government.

The attitude of California.

The American Government rests upon the free choice of the people, and a large majority of the people are engaged in farming pursuits. They form the backbone of every country — the repository of morals, patriotism and thrift, and in time of their country's danger spring to its defense. They represent its prosperity in peace and its security in war. The soil can not be taken from them. Their standards of living can not suffer from deterioration. Their presence is essential to the life of the state. I therefore urge the Japanese Government and people to put themselves in our place and to acquit us of any other purpose in the exclusion of oriental immigration than the preservation of our national life. . . .

The purpose of our exclusion policy.

The people of Asia have a destiny of their own. We shall aid them by instruction and example, but we can not suffer them to overwhelm the civilization which has been established by pioneers and patriots and which we are dutifully bound to preserve.

Conclusion.

119. Americanizing the immigrant ¹

Of recent years the assimilation or Americanization of the immigrant has been of rapidly increasing importance. This is particularly true of the period which has elapsed since the outbreak of the World War in 1914. That struggle called our attention to the danger of tolerating large masses of unassimilated foreigners in our midst, and stimulated increased interest in the problem of Americanization. In the following passage, the United States Bureau of Education sums up some of the factors involved in an Americanization program for individual states:

Growing importance of the problem of assimilation.

¹ From the United States Department of the Interior, Bureau of Education, *Bulletin*, 1919, No. 77. *State Americanization*, Washington, 1920; pp. 24-26.

The place
of local
communities
in Ameri-
canization
work.

The great task of educating, protecting, and assimilating our foreign-born people must be performed by the communities where these people live and work. These communities must be organized and set to work. It should be unnecessary to create any new machinery within a community, for every community has already of its own initiative formed organizations and societies which are ready for the work. The task is to bring them together in one united force. . . .

The rôle of
the state
chamber of
commerce,
labor organ-
izations,

The state chamber of commerce, wherever it exists, should be a powerful factor in bringing back of the state program the influential and representative bodies which compose its membership. . . .

The state federation of labor, with its hundreds of local unions, is a necessary factor, for through the unions direct influence may be brought to bear upon the non-English-speaking workmen to enter the classes wherever they may be formed. . . .

associations
of manufac-
turers,

The state association of manufacturers represents a group which is indispensable in the work of Americanization. The active support and complete sympathy of the manufacturers must be secured by each community. . . .

educational
agencies,

The state departments of education, of health, of industrial relations, and those other bureaus which are concerned in the broader aspects of Americanization should of course be brought into the plans. The state university, through its education extension work, can be of very great assistance not only in the educational phases of the work but in the social aspects as well. Through its traveling libraries, film service, community center, and other work, the extension division can directly assist the communities in practical Americanization.

associations
of women,

The state federation of women's clubs and the women's patriotic organizations can start a great force at work in every community in the state, and they should be brought completely into the plans of the state committee.

and other
organiza-
tions

The special educational branches, such as home economics, kindergarten, and school nursing, can through their state leaders be of material assistance. The state organizations of the doctors, visiting nurses, lawyers, bankers, dentists, architects, and others can not only render direct assistance, but they can in turn spur their individual members to proffer their help to the local committees.

The state library association, the state Young Men's Christian Association, Young Women's Christian Association, Knights of Columbus, Young Men's Hebrew Association, and other semi-public institutions, the Boy and Girl Scouts, the social workers, the churches and the church organizations — all of these should be interested in the work.

and associ-
ations.

Of an importance which is very great are the racial organizations. Many of the local racial societies are formed into state groups, and if the interest, sympathy, and support of the latter are once secured, that of the former will naturally follow.

In bringing all of these active agencies into a common program, great tact on the part of the state committee or director will be required. Many of these agencies are already at work in the field. It will not be an easy task to incorporate them into a common program, but it can be done. . . .

Necessity of
coördina-
tion.

With vision, sympathy, tolerance, and a sincere friendliness toward the foreign-born by those in authority within the States, with adequate funds for the provision of educational facilities for their needs, and with earnest and cordial coöperation on the part of all the powerful forces of the Nation, State, and community, America can within a decade weld all of its various peoples into one great, harmonious, homogeneous whole and the words of its national motto be at last achieved — "One out of many."

The goal of
American-
ization.

120. A proposed immigration policy¹

Following the conclusion of the World War, there was a growing demand for a definite immigration policy on the part of the United States. By many it was declared that immigration to America, interrupted by the war, would recommence in such volume as to render impossible the assimilation of the newcomers. While uncertain as to the volume of post-war immigration, many others admitted that the country could not effectively meet its post-war adjustment problems unless immigration were drastically restricted. In 1921, when the question of an immigration policy was being generally discussed,

Question of
an immigra-
tion policy
after the
World War.

¹ From the National Committee for Constructive Immigration Legislation, *Program*. Printed in the *Annals of the American Academy of Political and Social Science*, Vol. xciii. Philadelphia, 1921; pp. 213-214.

the National Committee for Constructive Immigration Legislation proposed the following immigration policy:

Attitude of
the Na-
tional Com-
mittee for
Constructive
Immigration
Legislation.

[The Committee] advocates the scientific regulation of immigration. It does not propose either the complete stoppage of immigration or its unlimited admittance. It urges that the amount of immigration which may be admitted wisely in any given year depends on facts which are not generally known, and which can not be known until patient, scientific investigation has been made of two distinct sets of factors; one social, the other economic.

Neither Congress nor the people as a whole has at present adequate knowledge on which to base a hard and fast immigration law that would be really wise and safe for us, or fair and friendly to the peoples clamoring for entrance.

What is
needed.

What is needed is a law that will define certain principles for the guidance of decisions, that will set up the requisite machinery for getting the needed facts; and that will provide an agency for evaluating those facts and for applying the principles in the light of the facts, so that the immigration allowed may be steadily adjusted to the ever-changing economic, industrial and social conditions.

We contend that this policy, if adopted, will create an automatic barometer of admissibility of assimilable immigration.

Elements in
the pro-
posed pro-
gram.

The policy and program advocated by the National Committee are based upon and embody the following *General Principles*:

Justice.

1. That all legislation dealing with immigration and with resident aliens should be based on justice and good-will as well as on economic and political considerations.

Admittance
of only as
many immi-
grants as
can be
American-
ized.

2. That the United States should so regulate, and, where necessary, restrict immigration in order to provide that only so many immigrants of each race or people may be admitted as can be wholesomely Americanized.

Basis for
restriction.

3. That the number of those individuals of each race or people already in the United States who have already become Americanized affords the best practicable basis of measuring the further immigration of that people.

Self-pro-
tection.

4. That American standards of living should be protected from the dangerous economic competition of immigrants, whether from Europe or from Asia.

5. That no larger amount of immigration of any given people should be admitted than can find steady employment and can fit wholesomely into our social, political and economic life.

6. That such provisions should be made for the care, education and distribution of aliens who come to live permanently among us as will promote their rapid and genuine transformation into American citizens and thus maintain intact our democratic institutions and national unity.

Attitude toward aliens permanently resident here.

7. That the standards of naturalization should be raised so as to include among other requirements at least the ability to read an ordinary American newspaper, some real knowledge of the history of the United States, and an intelligent acceptance of the practices and ideals of our democracy.

Standards of naturalization.

8. That under careful regulation as to numbers and qualifications of permitted immigration from the various peoples, the privilege of acquiring citizenship by those who are lawfully here and are to remain a permanent part of our population should then be granted to all who actually qualify, regardless of race. . . .

Citizenship.

Questions on the foregoing Readings

1. Which aspect of the immigration problem is probably the most fundamental?
2. What effect does lack of funds have upon the occupations of recent immigrants?
3. Explain what is meant by saying that the recently arrived immigrant often has a low standard of living.
4. To what extent is it true that the attitude of many recently arrived immigrants toward their employers is one of subservency?
5. Name the cities in which the U. S. Immigration Commission conducted a survey of the living conditions among immigrant groups.
6. Discuss the prevalence of boarders and lodgers in the households of recent immigrants.
7. What can be said as to the cleanliness of the homes of the immigrant groups studied by the Commission?
8. Compare the various cities surveyed by the Commission with respect to congestion in immigrant quarters.
9. Name three Presidents who vetoed immigration bills embodying a literacy test.

10. What, in essence, is the provision for a literacy test in the immigration law of 1917?
11. Name some classes which are excluded from the operation of the test.
12. What is the special significance of the problem of Japanese immigration?
13. Discuss the economic objection to Japanese immigration.
14. What is the racial argument against Japanese immigration?
15. What is the attitude of California toward the Japanese question?
16. What is the prime purpose of our policy of restricting the immigration of Japanese to this country?
17. What effect did the World War have upon the question of Americanization?
18. Name some ways in which various state and local agencies could aid in the work of Americanization.
19. What is the goal of Americanization?
20. Discuss the movement toward the formulation of an immigration policy.
21. What is the attitude toward immigration of the National Committee for Constructive Immigration Legislation?
22. Enumerate some of the elements contained in the program proposed by this Committee.
23. What is the attitude of the Committee toward naturalization and citizenship?

CHAPTER XXI

CRIME AND CORRECTION

121. Taft on the defects of criminal procedure ¹

It is a notorious fact that procedure in the courts of the United States is so defective as to impede rather than to guarantee justice. No one has more keenly realized this fact, and no one has more frankly expressed his disapproval of the existing situation, than William H. Taft, Chief Justice of the United States Supreme Court. In April, 1908, the Chief Justice, then Secretary of War, delivered an address before the Civic Forum in New York City, in which he pointed out the delays and defects in the enforcement of law in this country. That part of his address which applies with particular force to criminal procedure follows:

Legal procedure in the United States is faulty.

If one were to be asked in what respect we had fallen furthest short of ideal conditions in our whole government, I think he would be justified in answering, in spite of the glaring defects in our system of municipal government, that it is in our failure to secure expedition and thoroughness in the enforcement of public and private rights in our courts. I do not mean to say that the judges of the courts are lacking in either honesty, industry, or knowledge of the law, but I do mean to say that the machinery of which they are a part is so cumbersome and slow and expensive for the litigants — public and private — that the whole judicial branch of the government fails in a marked way to accomplish certain of the purposes for which it was created. . . .

Serious nature of this evil.

When we come to the administration of criminal law and the assertion of public right, which have a more direct bearing upon the welfare of the whole people than the settlement of private rights, the injurious delays caused by the procedure provided by legislative

Our criminal procedure a disgrace to civilization.

¹ From William Howard Taft, Address delivered before the Civic Forum, in Carnegie Hall, New York City, April 28, 1908.

act are greatly accentuated. No one can examine the statistics of crime in this country and consider the relatively small number of prosecutions which have been successful, without realizing that the administration of the criminal law is a disgrace to our civilization. . . .

Court procedure in the United States and England contrasted.

We have, as is well understood, certain constitutional restrictions as to the procedure in criminal cases, which offer protection to the accused and present difficulties in the proof of his guilt. But these obtain as well in the English courts as in our own, and their existence does not offer a reason for the delays from which we suffer, for such delays do not exist in the administration of justice in England. A murder case which in this country is permitted to drag itself out for three weeks or a month, in England is disposed of in a day, two days, or, at the most, three days, — certainly in less than one-fifth the time. This is because the English judges insist upon expedition by counsel, cut short useless cross-examinations, and confine the evidence to the nub of the case. . . . Under such practice, it would be possible for the prosecuting attorneys to clear their dockets; as it is now they are utterly unable to do so.

How the criminal may escape punishment.

At the present time, in our larger cities, a man who is indicted and has means with which to secure bail is released on bond, unless he is confined for murder in the first degree. The pressure upon the prosecuting officers is for the trial of those who are in jail and unable to give bail, and as a result of the delays I have mentioned, jail cases are protracted and the trial of those who are released on bail is postponed oftentimes to the indefinite future, the evidence disappears, newer and more sensational cases come on, and ultimately nollees are entered and the indicted man escapes. . . .

The jury problem.

Another cause of the inefficiency in the administration of the criminal law is the difficulty of securing jurors properly sensible of the duty which they are summoned to perform. In the extreme tenderness which the state legislatures exhibit toward persons accused as criminals, and especially as murderers, they allow peremptory challenges to the defendant far in excess of those allowed to the prosecution. In my own state of Ohio, for a long time, in capital cases, the law allowed the prosecution two peremptory challenges and the defendant twenty-three. This very great discrimination between the two sides of the case enabled the defendant's counsel

to eliminate from the panel every man of force and character, and to assemble a collection in the jury box of nondescripts of no character, who were amenable to every breeze of emotion, however maudlin or irrelevant the issue. . . .

Another reason for delays in the enforcement of criminal law is to be found in the right of repeated appeals which are given in criminal cases. The code of evidence, with its complicated rules and numerous technical statutory limitations designed to favor the defendant, are all used as a trap to catch the trial court in error, however technical, upon which, in appellate proceedings, a reversal of the judgment of the court below may be obtained. The rule which generally obtains in this country is, that any error, however slight, must lead to a reversal of the judgment, unless it can be shown affirmatively that it did not prejudice the defendant. The disposition on the part of the courts to think that every provision of every rule of the criminal law is one to be strictly construed in favor of the defendant, [leads to undue delay in the criminal trial.] . . .

Abuse of the right of appeal.

122. Results of the public defender movement¹

These glaring defects in our criminal procedure are becoming better known to the public at large, but as yet the reform of such procedure has proceeded slowly and with difficulty. Here and there, however, the efforts of constructive reformers have been attended with a considerable degree of success. A notable development is the public defender movement, which began as recently as 1913, but which is already sufficiently important to warrant serious attention and study. The results of the movement, which aims to provide an honest and capable public attorney to defend impoverished or ignorant defendants, are summed up by Reginald Heber Smith, of the Massachusetts Bar, in the following language:

Significance of the public defender movement.

It is unquestionable that the existence of the defender must prevent some unjust convictions. We believe that by a jury verdict after a fair trial we approximate the truth as closely as is possible. The

The defender helps to secure a fair trial.

¹ From the Carnegie Foundation for the Advancement of Teaching, *Bulletin* No. 13. (*Justice and the Poor*, by Reginald Heber Smith.) New York, 1919; pp. 119-123.

defender reduces the danger of error to a minimum because he guarantees a fair trial to every one. . . .

The defender becomes a specialist in criminal law, and this reacts to the benefit of poor defendants.

The case for the defender rests primarily on the fact that such an office performs an essential function in the administration of justice more efficiently, more economically, and with all-round better results than any other plan. The increased efficiency can readily be appreciated. . . . The attorney who devotes all his time to criminal work is more familiar with the law and the details of procedure than the attorney who is occasionally assigned a case. Centralization of work makes specialization possible. The office learns the easiest method of conducting the work, it develops its own staff of investigators, and knows the proper authorities to consult as points arise. The defender becomes an expert in criminal law. . . .

The public defender method relatively economical.

A defender's office, whether supported by the state or by contributions, obviously costs more than assigned counsel who are paid nothing. If, however, adequate representation is to be had, assigned counsel must be paid and their expenses reimbursed, so that the true comparison to determine the more economical method is between the defender and paid assigned counsel. During the first ten months the expense of the criminal department of the Los Angeles office was about \$8400; during 1915, \$9400; and during 1916, \$11,161.40. The average cost per case was respectively \$23.86, \$20.88, and \$21.38, or a flat average for three years in 1324 cases of \$21.87 per case. In the superior court for Milwaukee, where assigned counsel are paid, the expense over a period of four years ending 1913 averaged \$4934.25 per year for 121 assignments each year, or an average cost per case of \$40.86. It is probably not inaccurate to estimate that to secure adequate representation for indigent prisoners by paying assigned counsel is twice as expensive as by the defender plan. . . .

The public defender raises the tone of the criminal trial,

[A further result of the public defender movement is that] the whole tone of criminal trials has been raised. . . . In both Los Angeles and New York the defender has the cordial support of the district attorney. The defense is conducted without resort to trickery or deliberate falsehood, and the knowledge of this fact permits the prosecution to adopt an equally high plane of conduct. . . .

That the defender tries his cases on their merits without resort

to technical objections taken chiefly for purposes of delay, and that this course saves time and expense to the state without prejudice to the defendants, is borne out by such figures as are available. [In Los Angeles in 1914 the time saved by the defender was on] an average slightly more than half a day per case tried. From this it is easy to see that in the course of fifty or one hundred trials quite a saving is effected when it is remembered that the daily cost to the state of a criminal jury trial is from one hundred and fifty to two hundred dollars. . . .

and saves time in criminal procedure.

123. Tendencies in the juvenile court movement¹

Toward the end of the last century there was a growing feeling among students of crime that the juvenile offender ought not to be classed with the adult criminal. The view gained ground that the boy or girl convicted of wrong-doing ought to be subjected to treatment which would aim, not so much to punish the offender, as to correct the mistaken tendencies of youth. After 1899 a response to this conviction was evidenced in the creation of juvenile courts in various states of the Union. The Children's Bureau in the Department of Labor recently conducted a nation-wide survey of juvenile courts, and summarized the significant tendencies of the juvenile court movement in the following language:

Why the juvenile court was developed.

The wisdom of dealing with the child offender not as a wrong-doer, but as one in special need of care and protection, has been fully borne out in practical experience. . . .

A wise step.

The extension of juvenile court organization. — Increasing recognition is being given to the importance of the extension and development of juvenile court organization, that all children who come before the courts may have an equal chance. The problem for the immediate future is the working out of practical methods by which the principles of the juvenile court may be universally applied. . . .

The extension of the juvenile court machinery.

Medico-psychological work. — The importance of knowledge of the child's physical and mental condition, of his home, and of his family and personal history is recognized as essential to successful work by the court, though the development of facilities for diagnosis has been

The psychopathic element in juvenile court procedure.

¹ From the United States Department of Labor, Children's Bureau, *Courts in the United States Hearing Children's Cases*. Washington, 1920; pp. 15-19.

relatively slow. The Juvenile Psychopathic Institute of Chicago, now a part of the state-wide Juvenile Psychopathic Institute of Illinois, was the pioneer in the thorough-going study of children before the courts. . . .

Physical
and mental
examination
of the juve-
nile offender.

Investigation of home conditions and family and personal history is usually a part of the regular investigations made by the probation officers. Physical examinations are given much more generally than mental examinations. In thirteen courts mental clinics were maintained as a part of the court organization. In some of these clinics the examinations of physical and mental conditions, and the studies of social histories were parts of a unified program for the diagnosis of the children's needs and possibilities. Frequently the only children given the intensive study indicated are those presenting especially difficult problems, though the present feeling among many familiar with the work is that all children coming before the courts should have the benefit of such consideration. . . .

Coördina-
tion of
juvenile and
family
cases.

Coördination of the trial and treatment of juvenile and family cases. . . . There is a movement looking toward the coördination of the trial and treatment of juvenile and family cases, including desertion and nonsupport, contributing to delinquency or dependency, divorce, illegitimacy cases, adoption, and guardianship. The National Probation Association has gone on record in favor of such consolidation of court work touching closely the family life, holding that all these cases should be dealt with in much the same manner as children's cases. . . .

Probation
work and
the juvenile
court.

State supervision of juvenile court and probation work. — The state probation commissions of New York and Massachusetts have done notable work in supervising juvenile probation and standardizing and centralizing the work of the courts. In some other states there are supervising agencies of various types. Such activities contribute greatly to the extension of the juvenile court organization, the maintenance of efficient probation service, the systematizing of the records, and the general application of the principles of the juvenile court movement.

Coöperating
agencies.

Community coöperation. — The growth of the juvenile court has been to a great extent dependent upon the coöperation and assistance of other social agencies in the community. . . . In many courts a

definite method for coöperation with the community has been developed. Provision is made by law in a number of states for the establishment of county or other local boards which serve the court in an advisory and auxiliary capacity. . . . In other states coöperating boards have been established without special statutory provision. Often state boards of charities or child welfare bureaus actively coöperate. A number of private societies doing protective work or child-placing give the courts valuable assistance.

As the work of the juvenile court develops, some of the underlying causes and conditions of child delinquency and neglect become more evident. The results of intensive studies of individual children have indicated the varieties of provision which must be made. The need for the early recognition and treatment of abnormalities in the child's physical, mental, or moral development has been conclusively demonstrated. In this field the responsibility reverts to the home, the school, and the other social forces of the community. The adequate fulfillment of these obligations will result in the prevention of a considerable amount of juvenile delinquency and in the consequent reduction of the number of children who come before the courts.

Conclusion.

124. Substitutes for imprisonment¹

When the individual has been convicted of wrong-doing, there arises the question of what is to be done with him. Formerly, imprisonment was looked upon as the common, if not the only, method of disposing of the criminal. With the development of the modern spirit in penology, however, penologists are more and more asking the question, Is imprisonment necessary in this case, or might the reformation of the prisoner be effected more surely and more quickly by some other method of treatment? To-day we are making a considerable use of substitutes for imprisonment, especially in the case of children, petty criminals, first offenders, and the mentally defective. The various types of treatment which may be substituted for imprisonment are discussed by the late Professor Henderson in the following passage:

Changing attitude toward the offender.

¹ From Charles Richmond Henderson, *Introduction to the Study of the Dependent, Defective, and Delinquent Classes*. D. C. Heath & Co., 1901; pp. 303-306.

Limitations
of the
prison.

Experience proves that, for many of the criminal class, the prison fails in both its main objects: it does not deter and it does not reform; . . . the prison does not touch the permanent causes of crime which inhere in the economic conditions, the bad housing, the neglect of education, and the hideous squalor, filth, and misery of cities. The prison comes too late to touch these factors. Without going into general social reforms at this point, we may consider some of the proposed substitutes for the prison and its deprivation of liberty and suspension of normal habits of industrial and domestic life.

How the
probation
system
operates.

The probation system. — The main features of this method are ordinary arrest, detention, investigation, and probation. Persons charged with drunkenness, for example, or some other offense of a relatively mild nature, and who are presumably not dangerous or habitual offenders, are temporarily placed in a house of detention. An officer of the court is appointed to investigate their character and history by inquiries in the cell and among associates and neighbors. The purpose of this investigation is to discover the environments, influences, capacity for work, and tendencies of life, and to report to the court. If the court finds it unsafe to give the person freedom, the regular course of law is followed. But if there is hope of reformation without deprivation of liberty, the judge grants a "continuance" of the case pending probation; the offender is released on promise to maintain good conduct, and the probation officer visits him or her once each week and makes certain that the advice of the judge is followed. Industrial occupation is secured at home, or with an employer, or in a private institution; and a relation of friendly guidance and assistance is maintained. Thus an offender may be reformed, or prevented from becoming a habitual criminal, by personal influence and help, without losing time from employment, without being cut off from family and friends, and without incurring the reputation of a "jail-bird."

Use of the
fine.

Fines. — It has been found possible to substitute fines for imprisonment in many cases, where the offense is not serious and the security for payment is ample. Judges in states which give the option generally prefer to inflict fines, if this way is open to them. In cities there are great abuses, but this is no objection to the principle. . . . Professional and dangerous criminals should always be imprisoned

without giving their comrades the power to set them free by paying a fine. . . .

Colonies. — For vagrant, feeble-minded, futile, mendicant, and semi-criminal persons, it seems desirable to establish voluntary and also compulsory agricultural colonies. Where men are willing to submit themselves to control voluntarily and to accept discipline and training for industry, it may be sufficient to provide colonies on the German plan, without restrictions as to coming and going. But for those who are lawless and criminal such colonies of training must be compulsory, since such men will neither accept discipline which is good for them nor continue under it. Drunkards should be provided for in special hospital asylums, under long sentences of three or four years, and kept at work in the open air as much as the climate will permit. . . .

The use of colonies for certain classes.

125. The functions of the psychopathic expert¹

The recent development of medicine and psychology has exerted a marked influence upon our treatment of the so-called criminal classes. The application of psychological and pathological tests to certain types of offenders has encouraged the belief that a large proportion of offenders are mentally or physically defective, and that nothing is to be gained by treating such individuals as normal and responsible persons. Criminal psychopathology is still in its infancy, but it has progressed sufficiently to demonstrate the value of subjecting offenders to thorough mental and physical tests. On the basis of these tests, an intelligent and constructive disposal of each individual may be made. Some of the functions of the psychopathic expert are described in the following extract from a bulletin of the Psychopathic Department of the Chicago House of Correction:

Effect of the development of medicine and psychology upon penology.

All of those between the ages of 17 and 21 who are sentenced to House of Correction are subject to call for psychological diagnosis. Of these there are a number who are recommended to the Psychopathic Department by the Boys' Court. To this group special attention is paid. Whenever the above list is exhausted, older inmates, particularly recidivists, are interviewed. . . .

Psychological diagnosis in the Chicago House of Correction.

¹ From the Chicago House of Correction, Research Department, *Bulletin* No. 1. Chicago, July, 1915; pp. 4-7.

Attitude of
the inmates.

[In coming into the psychopathic laboratory,] the inmate knows he has nothing to lose and everything to gain. We have consequently had no difficulty at all; in fact, men have come entirely of their own volition to see what we could do for them after having realized that they were somewhere out of gear. Many have anxiously come to see what we could do to help them keep out of further difficulty. . . .

Type of
questions
asked the
inmate.

The interview is begun with questions regarding his school and trade training, his industrial history, the positions he has held, etc. . . . We then obtain a full and detailed account of the criminal career of the individual from the day he first found himself in difficulty. Any past sicknesses, accidents and diseases are noted. Inquiry is made of any past examinations, mental, physical or both. The subject is then questioned regarding his father, mother, siblings and other relatives, the same information being elicited regarding them as was obtained from him personally. We often uncover a neuropathic family, of which this member is but one out of a number of others who are not only potentially a danger and menace to the community, but have already made society pay dearly for their having been at large. . . .

Mental
tests are
next em-
ployed.

With this personal-industrial-sociological-family history, more or less complete, we pass on to our mental tests. [We use a number of tests, including a] test for audition (watch); a test with the dynamometer for obtaining the fatigue index described in Whipple's Manual, supplemented by our formula for an index of the subject's ability to perform purely physical labor; the tests for height, standing and sitting, weight, strength of grip and vital capacity, besides some of our own tests for ethical development. These are gradually being supplemented, and in the near future we plan to add tests of ability to learn in relation to forgetting and to re-adaptation, among others. . . .

Acting upon
the results.

On the basis of the information obtained a report on each individual case is made and the record placed in the hands of the Superintendent, who acts upon the recommendations. As a result of the examination, any of these three courses may be followed, depending upon general conditions: (a) the inmate may be placed in a special class for mental defectives; or, (b) he may be placed at work that will benefit him most, work that will give him the

training and experience necessary to gain him entry into that industry after his release; or (c) he may be merely placed at ordinary labor on the grounds. . . .

126. Principles of reformation ¹

The development of modern penology in the United States has been due, not so much to a widespread recognition of constructive principles, as to the talent and energy of a few men. Of these none is better known, and none more generally recognized as a sound and progressive student of prison administration, than Dr. Frederick Howard Wines. In 1870 a National Prison Congress met at Cincinnati, Ohio, and adopted a declaration of principles of reformation which had been formulated by Dr. Wines. These principles, though adopted a half century ago, are still the foundation for prison work in this country, and as such are generally recognized. Some of the more significant of these principles follow:

I. Crime is an intentional violation of duties imposed by law, which inflicts an injury upon others. . . .

The influence of Frederick Howard Wines.

II. The treatment of criminals by society is for the protection of society. But since such treatment is directed to the criminal rather than to the crime, its great object should be his moral regeneration. Hence the supreme aim of prison discipline is the reformation of criminals, not the infliction of vindictive suffering.

Object in treating crime.

III. The progressive classification of prisoners, based on character and worked on some well-adjusted mark system, should be established in all prisons above the common jail.

The mark system desirable.

IV. Since hope is a more potent agent than fear, it should be made an ever-present force in the minds of prisoners, by a well-devised and skilfully applied system of rewards for good conduct, industry and attention to learning. Rewards, more than punishments, are essential to every good prison system.

The use of rewards.

V. The prisoner's destiny should be placed, measurably, in his own hands; he must be put into circumstances where he will be able, through his own exertions, to better continually his own con-

The rôle of of self-interest.

¹ From the National Prison Congress, *Declaration of Principles Promulgated at Cincinnati*. 1870.

dition. A regulated self-interest must be brought into play, and made constantly operative.

The indeterminate sentence.

VIII. Peremptory sentences ought to be replaced by those of indeterminate length. Sentences limited only by satisfactory proof of reformation should be substituted for those measured by mere lapse of time.

Importance of religion

IX. Of all reformatory agencies, religion is first in importance, because most potent in its action upon the human heart and life.

and education.

X. Education is a vital force in the reformation of fallen men and women. Its tendency is to quicken the intellect, inspire self-respect, excite to higher aims, and afford a healthful substitute for low and vicious amusements. . . .

Necessity of a harmony of wills

XII. A system of prison discipline, to be truly reformatory, must gain the will of the convict. He is to be amended; but how is this possible with his mind in a state of hostility? No system can hope to succeed which does not secure this harmony of wills, so that the prisoner shall choose for himself what his officer chooses for him. But, to this end, the officer must really choose the good of the prisoner, and the prisoner must remain in his choice long enough for virtue to become a habit. This consent of wills is an essential condition of reformation. . . .

XX. It is the judgment of the congress, that repeated short sentences for minor criminals are worse than useless; that, in fact, they rather stimulate than repress transgression. Reformation is a work of time; and a benevolent regard to the good of the criminal himself, as well as to the protection of society, requires that his sentence be long enough for reformatory processes to take effect.

The prevention of crime.

XXI. Preventive institutions, such as truant homes, industrial schools, etc., for the reception and treatment of children not yet criminal but in danger of becoming so, constitute the true field of promise in which to labor for the repression of crime.

Society's duty to the discharged prisoner.

XXII. More systematic and comprehensive methods should be adopted to save discharged prisoners, by providing them with work and encouraging them to redeem their character and regain their lost position in society. The state has not discharged its whole duty to the criminal when it has punished him, nor even when it has reformed him. Having raised him up, it has the further duty to aid

in holding him up. And to this end it is desirable that state societies be formed, which shall coöperate with each other in this work. . . .

Questions on the foregoing Readings

1. What, in the opinion of Chief Justice Taft, is the most serious defect in American government?
2. Compare criminal procedure in England with criminal procedure in this country.
3. What, according to Chief Justice Taft, is the reason why the administration of justice is more effective in England than in the United States?
4. How may a wealthy criminal secure the postponement of his trial, or even escape punishment altogether?
5. What evil in criminal procedure is connected with the choice of jurors?
6. What can be said as to the abuse of the right of appeal in criminal trials in the United States?
7. When did the public defender movement begin?
8. What is the purpose of the public defender movement?
9. How does the public defender help to prevent unjust convictions?
10. What can be said as to the cost to the state of a public defender?
11. Illustrate the statement that the public defender saves time in criminal trials.
12. Why was the juvenile court developed?
13. What is the relation of medico-psychological work to the juvenile court movement?
14. With what type of cases might juvenile cases well be coördinated?
15. What is the relation of community coöperation to the juvenile court?
16. Professor Henderson says that for many of the criminal class, the prison fails in two important objects. What are these two objects of the prison?
17. Explain the operation of the probation system.
18. For what type of delinquents are colonies advisable?
19. What effect has the development of medicine and psychology had upon our treatment of the offender?
20. Outline the nature of the tests to which inmates of the Chicago House of Correction are subjected by the psychopathic experts of that institution.
21. What three courses may be followed by the authorities, as the result of these tests?

22. What is the importance of Frederick Howard Wines in the history of American penology?
23. Outline some of the principles adopted by the National Prison Congress, held at Cincinnati in 1870.
24. What did the congress say as to the "true field of promise in which to labor for the repression of crime"?
25. What did the congress conclude as to society's attitude toward the discharged prisoner?

CHAPTER XXII

THE NEGRO

127. Occupations of the American Negro ¹

There has long been a feeling among students of the problem that the improvement of the economic status of our colored population is one of the most fruitful ways of aiding in the adjustment of this group. Industrially the Negro has made marked progress since the days of slavery, and yet it remains true that to-day the masses of American Negroes are unskilled workers, and perilously near the poverty line. The occupations of American Negroes, and their need of industrial education, are the subject of the following extract from a 1917 report of the United States Bureau of Education in the Department of the Interior:

Economic status of the American Negro.

The moral and political condition of any people is closely related to their economic condition. Though the Negroes have made striking progress in the acquisition of property, they are still a poor people. They are as yet "hewers of wood and drawers of water." According to the United States Census, a larger percentage of colored women and children are breadwinners than of any other group. While this fact indicates that a commendable percentage of the race is gainfully employed, it suggests the necessity of elevating the economic status of the group so that the children may attend school and the women may have a better opportunity to care for the morals and hygiene of the home. The comparatively low economic status of the race is further shown in the following table by the large proportion of all Negro breadwinners who are laborers, and the comparatively small numbers who are in the skilled and professional classes:

The Negroes have made progress, but are still a poor people.

¹ From the United States Department of the Interior, Bureau of Education. *Bulletin*, 1916, No. 38. "Negro Education." Washington, 1917. Vol. I, pp. 84-85.

PRINCIPAL OCCUPATIONS OF NEGROES — 1910

*Occupations of Males*Occupations
of Negro
males in
1910.

<i>Occupations</i>	<i>Number</i>	<i>Occupations</i>	<i>Number</i>
Total breadwinners.....	3,178,554	Garden laborers.....	11,801
Farm laborers.....	981,922	Laborers, domestic....	10,380
Farmers.....	798,509	Blacksmiths.....	9,835
Laborers, building trades..	106,374	Painters and glaziers..	8,915
Laborers, sawmills.....	91,181	Messenger boys.....	8,262
Laborers, railroads.....	86,380	Coachmen and footmen	7,679
Porters, not in stores....	51,471	Elevator tenders.....	6,276
Draymen and teamsters..	50,689	Plasterers.....	6,175
Coal-mine operatives....	39,530	Clerks, not in stores...	6,077
Laborers, in stores.....	36,906	Firemen, locomotive...	5,188
Waiters.....	35,664	Engineers, stationary..	4,802
Laborers, road building..	33,914	Brakemen, locomotive..	4,719
Cooks.....	32,453	Chauffeurs.....	4,674
Deliverymen, stores....	30,511	Tailors.....	4,652
Carpenters.....	30,464	Soldiers and sailors....	3,734
Janitors and sextons....	22,419	Shoemakers.....	3,695
Barbers and hairdressers..	19,446	Restaurant keepers....	3,635
Retail dealers.....	17,659	Cleaners, clothing.....	3,385
Clergymen.....	17,427	Builders.....	3,272
Longshoremen, stevedores	16,379	Furnace and smelter	
Laborers, brick factories..	15,792	men.....	3,203
Firemen, stationary....	14,927	Sawyers.....	3,151
Lumbermen and raftsmen	14,005	Mail carriers.....	2,756
Laborers, blast furnaces..	13,519	Physicians and surgeons	2,744
Hostlers, stable hands...	12,965	Clerks in stores.....	2,582
Laborers, public service..	12,767	Plumbers, steamfitters..	2,285
Brick and stone masons..	12,401	All other occupations..	385,211

Occupations
of Negro
females in
1910.*Occupations of Females*

<i>Occupations</i>	<i>Number</i>	<i>Occupations</i>	<i>Number</i>
Total breadwinners.....	2,013,981	Cooks.....	205,939
Farm laborers.....	967,837	Farmers.....	79,309
Laundresses not in laun-		Dressmakers and seam-	
dry.....	361,551	stresses.....	38,148

Occupations of Females — cont.

<i>Occupations</i>	<i>Number</i>	<i>Occupations</i>	<i>Number</i>
School-teachers.....	22,441	Charwomen and clean-	
Nurses (not trained)....	17,874	ers.....	7,026
Chambermaids.....	14,071	Building trades.....	6,174
Laundry operatives.....	12,196	Hairdressers.....	3,782
Housekeepers.....	10,021	Retail dealers.....	2,994
Boarding-house keepers..	9,183	Restaurant keepers....	2,734
Cigar and tobacco		Musicians and teachers.	2,347
workers.....	8,267	Trained nurses.....	2,158
Waiters.....	7,434	All other occupations..	232,495

According to this table, the only groups forming a substantial proportion of all Negro breadwinners are the laborers, farmers, and laundresses. Other than farmers, no skilled or professional group forms even 1 per cent of the total. Under a liberal interpretation of terms, the number in these classes is only about 250,000 or 5 per cent of the total. It is apparent, therefore, that the possibilities of the race in skilled occupations have just begun. In view of the increasing demand of the southern states for skilled workmen, it is vitally important to the colored people that they grasp every opportunity for industrial education. . . .

Importance
of industrial
education
for the
Negro.

128. Educational needs of the Negro ¹

There can be no doubt but that a larger share of industrial education would prove of great benefit to our colored citizens. But, while very important, industrial education is only one phase of the general problem of Negro education. The American Negro must be fitted not only for industrial, but as well for social, intellectual and religious progress. In the following selection, the United States Bureau of Education in the Department of the Interior outlines the general educational needs of the Negro:

Industrial
education
only one
phase of
the general
problem of
Negro edu-
cation.

The general poverty of colored schools, the conflicting claims of various types of education, and the public ignorance of the real situa-

Educational
needs of
the Negro,

¹ From the United States Department of the Interior, Bureau of Education. *Bulletin*, 1916, No. 38. "Negro Education." Washington, 1917. Vol. I, pp. 11-13.

tion, all point to the importance of a statement of the educational needs of colored people. The following outline . . . is offered as a suggestion to those whose duty it is to determine the educational policies for colored schools:

with respect
to elemen-
tary educa-
tion,

Elementary schools.—Elementary education is peculiarly the responsibility of the public-school authorities. Though the enrollment of the philanthropic schools is 75 per cent elementary, the pupils comprise only 4 per cent of the Negro children 6 to 14 years of age. The southern states, out of their limited resources, are spending almost \$6,000,000 annually for the salaries of teachers in the colored public schools. While this is proportionately not more than a fourth of that spent on teachers in white schools, it is a substantial sum. In comparison with the needs of the elementary school system, however, it is most inadequate. So long as the elementary school facilities are insufficient, every kind of education above the elementary grades is seriously handicapped. . . .

secondary
schools and
teacher
training,

Secondary schools and teacher training.—The primary importance of secondary schools for colored people lies in their contribution to the much needed supply of trained teachers for the elementary schools. According to the state records over 50 per cent of the colored teachers in public schools have an education less than the equivalent of six elementary grades. This lamentable condition can be corrected only by a system of public secondary schools with provision for teacher training, theory and practice of gardening, and manual training. . . .

higher edu-
cation,

College and professional education.—The education of Negroes in America undoubtedly requires institutions that are genuinely of college grade. The first step in the realization of this need is the agreement that all shall combine in an effort to develop a few well-selected institutions. . . . The second requirement of success in this direction is the determination that every college activity shall be adapted to the demands of modern society. Medical education is already centralized in two institutions. It is highly desirable that some coöperative effort shall also be made to improve the standards of schools for colored ministers. No phase of Negro education has been more neglected.

Agricultural and mechanical schools.—The importance of the

preparation of colored youth for the industries and for life in rural communities is self-evident. In view of the overwhelming proportion of Negroes in rural districts, the claims of rural education precede all others. While opportunities for the highly-technical trades should be open to colored pupils, the primary need is emphatically for a knowledge of gardening, small farming, and the simple industries. . . .

training in the agricultural and mechanical industries,

Teaching methods. — Elaborate facilities are useless if the teaching methods are ineffective. In actual practice teaching is still too generally regarded as talking or lecturing. . . . The teacher should make every effort to understand the pupil and his needs, his mind processes, his ambitions, his means of support, and his health. He should also know the pupil's home, his community, and, if possible, his vocational outlook. With such knowledge as the basis of instruction, the teacher will not be content with mere lectures to his class. From talking about the subject, he will guide his pupils to observe actual conditions. . . . The teacher will exchange views with pupils and all will mingle their ideas and their experiences in the search for truth. From the artificial conditions of the class room, pupils and teacher will finally proceed to the actual conditions of real life and together they will "learn to do by doing."

and methods of teaching.

129. Statutory protection of the Negro ¹

The period following the Civil War has witnessed the development of numerous laws defining the position and rights of the Negro. This legislation is of two types: the first type includes laws which restrict the activities of the Negro; the second type includes laws which aim to protect him. Among laws grouped under this second type of legislation, the most important statutes have been those which aim to protect the Negro with respect to civil rights, education, and transportation. Something of the nature of protective legislation for the Negro may be illustrated by the following selection by Dr. Franklin Johnson, in which he discusses laws to protect Negroes in the enjoyment of places of public resort:

Development of legislation affecting the Negro.

¹ From Franklin Johnson, *The Development of State Legislation Concerning the Free Negro*. The Arbor Press, New York, 1918; pp. 28-30.

Beginnings of legislation to protect the Negro in the enjoyment of places of public resort.

[The first act to provide for protection of the colored race in enjoyment of the accommodations of places of public resort] appeared in Massachusetts in a statute of 1865. This provided simply that no distinction or discrimination on account of race should be lawful in any licensed inn, public place of amusement, public conveyance, or public meeting. . . .

Civil rights statutes in the South.

During the Reconstruction period of the southern states, a number of such states enacted civil rights laws, which were very full and stringent in their terms. South Carolina was the first state so to provide, being followed by Louisiana, Texas, Arkansas, Florida, and Mississippi. . . . The longest and most stringent of these acts was that of Arkansas. All of these southern civil rights statutes were repealed either by special enactment to that effect or by omission from the revised statutes of their states after the end of the Reconstruction period, except such as were found not to be inconsistent with the trend of later legislation, through later interpretation of their precise terms.

Further legislation in the North.

There was no further legislation in the northern states upon this subject until 1873, when New York adopted a civil rights act somewhat similar to that of Massachusetts, but in a fuller and more developed form. The next provision was in New York again, in 1881, which substantially reenacted the earlier provision, and prohibited discrimination in the enjoyment of the accommodations of taverns, public conveyances, and places of public resort or amusement, because of race, creed or color.

* The Federal Civil Rights Act of 1875.

Between these two laws, however, came the Federal Act of 1875, known as the Civil Rights Act of that year. This followed in general terms the provisions of the Massachusetts and the New York statutes. . . . It then provided that all persons should be entitled to full and equal enjoyment of the accommodations and privileges of inns, public conveyances on land and water, theatres, and other places of public amusement, subject only to conditions applicable alike to citizens of every race. The penalty for violation of this law was both a forfeiture to the person aggrieved and fine or imprisonment for the violator. . . .

This law did not accomplish its purpose, for after its passage Negroes still continued to be excluded from places of public resort.

This resulted in a number of cases appearing in the courts, finally culminating in the so-called civil rights cases, which were passed upon by the United States Supreme Court in 1883. These cases arose in Missouri and Tennessee in the South, and New York, Kansas and California in the North, and were brought for denying to Negroes the accommodations of hotels, theatres and railroads. . . . By a divided vote the Supreme Court held that the law of 1875, in so far as it applied to the right of accommodation of the colored race in places of public resort, was unconstitutional and therefore void. . . .

This decision rendered it impossible for Congress to pass any general enactment prohibiting the passage of laws by individual states concerning the separation of Negroes in places of public resort. No further legislation of this nature therefore appeared among the Federal statutes. All further legislation in this portion of the field was thereby thrown into the jurisdiction of the separate states.

This did not greatly affect legislation appearing in the southern states, for the reason that separation in places of public resort in most cases already existed and was enforced by the power of custom and the influence of the white race. It was followed, however, by enactments requiring separation in railroad transportation. . . .

The effect in the northern states was quite different. These states, finding that the Negro was no longer protected in this portion of the field of his civil rights by Federal legislation, proceeded to enact separate state laws covering the same ground in general. The year following the Supreme Court decision, four states passed such statutes, being followed successively by a large number of others. Civil rights laws have been enacted by the following states: California, Colorado, Connecticut, Illinois, Indiana, Iowa, Kansas, Massachusetts, Michigan, Minnesota, Nebraska, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Washington, and Wisconsin. . . .

Testing the constitutionality of the statute.

Effect of the attitude of the Supreme Court upon Federal legislation, and

upon legislation by southern

and northern state legislatures.

130. A new Negro problem: migration¹

In the South, emancipation was followed by a more or less serious disruption of numerous Negro communities. One effect of

¹ From The United States Bureau of Labor, Division of Negro Economics, *Negro Migration in 1916-1917*. Washington, 1919; pp. 149, 152-155.

Growing importance of the Negro's tendency to migrate cityward.

this disruption has been to encourage the migratory instinct among our Negro population. However, migration did not attract national attention until the period of the World War, when the movement of southern Negroes toward the cities of the South, and particularly toward the cities of the North, was so marked as to create what may be called a new Negro problem. In the following extract from a report by the Division of Negro Economics in the United States Department of Labor, are outlined some of the constructive efforts toward the adjustment of the migrant Negro:

Significance of Negro migration to the North.

Another great mass movement of population has been under way. The Negro migrant has been the pawn in a tremendous transition. Leaving the relatively fixed social system of the South suddenly and in numbers, he has been compelled to adjust himself to radically different conditions of work and life in the crowded northern centers. . . .

Organizations which aim to help the Negro in adjusting himself to life in the North.

From the standpoint of the development of a rounded constructive program to lessen the costs of the migration the most interesting fact is that in the last year the National League on Urban Conditions Among Negroes . . . has established a score of branches in as many cities. . . .

In Ohio a Federation for Service Among Colored People was formed in July, 1917, with representation in most industrial communities of the state. It has appointed working subcommittees on housing, labor, health, and crime and welfare work. . . .

The development of a community viewpoint.

Here and there a community viewpoint is fast developing. The public-health function of northern cities is in process of rapid expansion, and the departments of health are beginning to undertake constructive work. In Philadelphia, Cleveland, and Pittsburgh the departments were burdened by the migration in vaccinating the newcomers, preventing smallpox epidemics, and in enforcing sanitary regulations in lodging places and camps. Many industries employing Negroes have introduced physical examinations. . . .

Reception of the newcomers.

With regard to cordial reception of the newcomers and the organization of their leisure time so little effective work has so far been done that delinquency, drunkenness, and vice, as well as industrial inefficiency, have taken frightful toll. . . . The pitiful straits of many of the newcomers were met in part by the provisions of tem-

porary quarters by the Travelers' Aid and similar societies, as in Philadelphia and Chicago, and direction to decent lodging and boarding places by local leagues. In Cincinnati the Park Street Newcomers' Relief Home was established. In Pittsburgh a colored mission using an old church in the Negro quarter served this need. It is essential to emphasize the fact that the colored churches have done almost the only extensively organized work for the welfare of the newcomers. . . .

The Urban League program includes organization of the recreation facilities among the colored people to counteract the influence of the saloon and gambling. In Detroit the use of a public-school building for two nights a week and a public high-school building for one evening weekly was secured. . . . In Philadelphia also, as in Louisville in the South, a migration committee secured the use of public schools for recreation purposes. . . .

Recreation facilities.

The intelligent Negro has long believed that his only escape from the measures of suppression which still exist is to go to the North, and he has seized the opportunity whenever it was presented to him. The present unprecedented influx of black workers from the South is merely the result of a sudden expansion of opportunity, due to a war-depleted labor market in the North. But basic causes for his migration are inherent in the social and economic system which has retarded his progress for years. The Negro is beginning to appreciate his own value and duties and is proceeding to the North, where he feels he can enjoy a fuller measure of justice. This naturally means a tremendous problem for the North. The race question is no longer confined to the states below the Mason and Dixon line, but is the concern of the whole nation. . . .

Causes of the migration of southern Negroes to the North.

131. Inter-racial coöperation ¹

Of recent years, the conviction has gained ground that the problems of the Negro will never be solved without friendly, intelligent, and consistent coöperation between the white and Negro races. There is an increasing number of organizations which embody the

Increasing importance of coöperation between the white and Negro races

¹ From Oswald Garrison Villard, "The Objects of the National Association for the Advancement of Colored People." Address delivered before the Fourth Annual Conference of the Association, Chicago, 1912.

principle of inter-racial coöperation. One of the most important, although perhaps conceived in too militant a spirit to accomplish the greatest good, is the National Association for the Advancement of Colored People. This organization, including prominent members of both races, was formed in 1909. In the following passage the objects of this association are explained by Oswald Garrison Villard:

The object
of the Asso-
ciation.

The objects of the National Association for the Advancement of Colored People may be put into a single sentence: This society exists in order to combat the spirit of persecution and prejudice which confronts the colored people of this land, and to assure to them every right, privilege and opportunity to which every citizen of the United States is entitled. That it exists at all is in itself an indictment of our American democracy. For it asks no favors, no privileges, no special advantages or benefits for those disadvantaged ones, whose fathers and mothers but fifty years ago to-day were still being sold upon the auction block as so much live stock.

Some things
the Associa-
tion does
not ask.

It does not, of course, ask that financial reparation be made to them for what their race suffered under the monstrous aggregation of wrongdoing which went by the name of slavery; the colored people themselves never demanded any such damages in the courts of law, or of public opinion. It does not even ask special indulgence for any of their shortcomings or beg for them unusual economic and educational opportunities because of their disadvantages and their frightful inheritance of vice and ignorance which was the chief bequest of slavery. It merely asks equality of opportunity, equality at the ballot box, equality in the courts of the land.

Opposition
to the Asso-
ciation.

Surely this is a simple enough platform—a reasonable enough demand. Theoretically, all but those most imbued with race prejudice grant the justness of our contentions. . . . And yet there are many persons interested in the welfare of the Negro who look with suspicion upon our simple platform and hold aloof from our work. . . .

Many be-
lieve the
Association
too radical.

There are, for instance, those prominent in the educational work among the Negroes of the South, both white and black, who feel that it is a mistake to dwell upon injuries and wrongs, outrages and persecution, because, in their belief, the cure can only come through

the slow education of all the people, and with the lapse of an indefinite amount of time. . . . This association they deem too radical. . . . They look with ill-concealed uneasiness upon those who would make each single wrongdoing as a fire bell in the night to alarm the conscience of the people. Their duty as they see it is to service, but not to protect; to sit silent if need be in the presence of sin, with their eyes fixed only upon the numerous and encouraging signs that this republic will in the long run not tolerate injustice against a class or race among its citizens.

For this opinion, honestly held, particularly when advocated by those in the educational field, one can have the fullest respect if it is consistently adhered to, but that is not the policy of this association. It is not content to sit idly by and see wrong done, even though certain at heart that in the long run righteousness will prevail, that the mills of the gods grind exceedingly fine, however slowly. . . . It is not for us to compromise, however much others may feel the necessity of doing so. It is not for us to withhold our scorn and indignation when we see colored men and women outraged, robbed, maimed or burned in Pennsylvania or in Illinois, in Mississippi or in Georgia. On the contrary, it is our duty to speak out that everyone may know and hear. . . .

Attitude of the Association toward the wrongs done the Negro.

132. A charge to Negro boys and girls ¹

The remark is commonly heard that "the future of the American Negro rests in his own hands." This statement needs qualification, for the most helpful efforts of the Negro might be thwarted by adverse circumstances, or by an unfriendly attitude on the part of the white population. Nevertheless, it is true that a powerful factor in solving the problems of the Negro is the attitude of the colored people themselves. The leaders of the colored race realize this, and are accordingly devoting more and more attention to the ideals which young Negroes acquire. A splendid charge to Negro boys and girls was delivered by Robert Moton at the Tuskegee Commencement exercises, in May, 1912. Mr. Moton, a colored man, and now principal of Tuskegee Institute, spoke in part as follows:

The influence of personal ideals upon the Negro problem.

¹ From Robert Moton, "Address Delivered at the Commencement Exercises at Tuskegee Institute," May, 1912.

The present
situation
and

You and I belong to an undeveloped, backward race that is rarely for its own sake taken into account in the adjustment of man's relation to man, but is considered largely with reference to the impression which it makes upon the dominant Anglo-Saxon. . . .

the prob-
lem.

The question that the American nation must face, and which the Negro as a part of the nation should soberly and dispassionately consider, is the mutual, social, civic, and industrial adjustment upon common ground of two races, differing widely in characteristics and diverse in physical peculiarities, but alike suspicious and alike jealous. . . .

Three
virtues:

May I briefly remind you of three very commonplace virtues that may perhaps help you as you enter a broader, and, I hope, more useful life.

simplicity,

Be simple. — Simplicity is a quality that is hardly likely to be overworked; certainly it is a very safe and sane side on which you may profitably err. It is charged that the educated Negro is greatly inclined toward the superficial and showy, that he is much given to "putting on airs." Don't be afraid or ashamed to be even criticized because of natural unaffectedness, of extreme simplicity in dress, in speech, in conduct, and in character. . . .

As I understand this institution, the object has not been to make of you mere farmers and mechanics, nor yet cooks and dressmakers. It has not even tried to make mere teachers and preachers, although it has accomplished that task most effectively; but these vocations, however well they may have been learned, are subsidiary to the great object that lies at the base of Tuskegee Institute. It has tried, and I hope it has succeeded, in making of you men and women with strong, robust, generous, courageous, simple, Christ-like characters; that, my friends, is the "bed-rock" upon which this institution was founded and upon which it stands. . . .

self-respect,

Be self-respecting. — I want to ask you young people always to keep your self-respect. Self-respect does not mean fawning, cringing, or truckling. . . . You will be careful, I am sure, not to confuse self-respect with self-conceit; they are sometimes woefully mixed and even by educated Negroes, that is, Negroes who have received diplomas from reputable institutions.

I am not unmindful of the conditions under which we live. It

is very easy for a race to accept the valuation which others set upon it . . . but there is no excuse for your going through the world with a sort of self-depreciatory demeanor as if you owed the rest of mankind an apology for existing. . . . Remember also that though a Negro, and black, and though belonging to a backward and somewhat undeveloped race, God meant that you should be as honest, as industrious, as law-abiding, as intelligent, as cultivated, as polite, as pure, as Christ-like, and as godly as any human being that walks on the face of God's green earth.

Keep your courage. — There is no reason why any Negro should become discouraged or morbid. We believe in God. His providence is mysterious and inscrutable; but His ways are just and righteous altogether. Suffering and disappointment have always found their place in the divine economy. . . . The black man has not as yet thoroughly learned to have the respect for his race that is so necessary to the making of a great people. I believe the woes that God has sent him are but the fiery furnace through which he is passing, that is separating the dross from the pure gold and is welding the Negroes together as a great people for a great purpose. and courage.

There is every reason for optimism, hopefulness. The outlook was never more encouraging than to-day. The Negro never had more the respect and confidence of his neighbors, black and white, than he has to-day. Neither has he because of real worth deserved that respect more than he does to-day. . . . The race problem in this country, I repeat, is simply a part of the problem of life. . . . Race prejudice is as much a fact as the law of gravitation and it is as foolish to ignore the operation of one as of the other. Mournful complaint and arrogant criticism are as useless as the crying of a baby against the fury of a great wind. The path of moral progress, remember, has never taken a straight line, but I believe that unless democracy is a failure and Christianity a mockery, it is entirely feasible and practicable for the black and white races of America to develop side by side, in peace, in harmony, and in mutual helpfulness each toward the other; living together as "brothers in Christ without being brothers-in-law," each making its contributions to the wealth and culture of our beloved country. . . . The goal.

Questions on the foregoing Readings

1. Compare colored women and children with other groups of the population with respect to the percentage which are breadwinners.
2. In what way is the high percentage of gainfully employed colored women and children an undesirable development?
3. Compare the total number of Negro male breadwinners in 1910 with the number of Negro females gainfully employed in 1910.
4. Name some occupations in which Negroes are relatively numerous.
5. What per cent of Negro breadwinners is included in the skilled or professional groups?
6. What are the educational needs of the Negro with respect to elementary school education?
7. Outline the educational needs of the Negro with regard to secondary schools.
8. What is the first step in improving the condition of Negro colleges?
9. What can be said as to the Negro's needs with respect to agricultural and mechanical schools?
10. What should be the ideals of the teacher in Negro schools?
11. Into what two types may we divide legislation defining the position and rights of the Negro?
12. Outline the early development of laws to provide for the protection of Negroes in the enjoyment of places of public resort.
13. Outline the Federal Civil Rights Act of 1875.
14. What was the attitude of the Supreme Court toward this act? What was the effect of this attitude upon further state legislation?
15. When did Negro migration become a serious problem?
16. What is the significance of the Negro migration to the North?
17. Outline some constructive efforts to cope with the problems arising out of this migration.
18. Discuss the causes of the migration to the North.
19. What is the object of the National Association for the Advancement of Colored People?
20. Outline the viewpoint of those who believe the association is too radical.
21. What is the attitude of the Association toward the injuries inflicted upon the Negro?
22. What is the importance of simplicity in Negro life?
23. Explain the nature of self-respect from the standpoint of the Negro.
24. Why is the outlook for the Negro an optimistic one?

CHAPTER XXIII

THE FAMILY

133. Economic disruption of the family ¹

From whatever angle the modern family is studied, the conclusion is inevitable that this most basic of our social institutions is in a state of transition or readjustment. Numerous and important influences have combined to disintegrate the family as it existed in medieval times. Of these influences, one of the most fundamental is the economic, as Dr. Lichtenberger points out in the following selection:

At the beginning of the modern economic era the family was the economic unit of society. . . . It was usually large and lived close to the soil. It was an economic necessity. . . . Children were reared in the home. Their education and training were accomplished there. This had reference not only to the intellectual, moral and religious development, but to the training for a gainful occupation, and usually included a "start in life." Production . . . was carried on within the household. Food was produced from the soil and came direct from garden and field to the table. Flax, cotton and wool were transformed into family clothing through the dexterity of the housewife. Shoes were cobbled and furniture was made by the husband on rainy days. . . .

Women were of economic necessity home-keepers. Their time and skill were required to the utmost. If there existed incompatibility between husband and wife, the care of children and the economic necessities of the family afforded the strongest possible incentive for adjusting or suffering the difficulties.

Within two generations changed economic conditions have wrought

¹ From James P. Lichtenberger, *Divorce, A Study in Social Causation*. Columbia University Press, New York, 1909; pp. 161-163.

Within recent times profound changes

the most profound transformations ever experienced by the race. Within the modern economic area population is rapidly becoming urban, and with the growth of modern industry the economic function of the family is passing away. Children are no longer "brought up" in the home as formerly. Their education has been taken in hand by the state, for which they are removed from the home for several hours each day. Kindergarten, public school and college accomplish this far more skilfully than former methods. The religious training is almost wholly provided by the Sunday School and the Church.

have been wrought in the family.

Occupations are taught in the professional and technical schools without the long and unprofitable period of apprenticeship formerly required. The function of production, except of raw materials, has passed over to the shop and factory. The farmer produces fewer of the articles of his more elaborate table than formerly, and depends quite as much for clothing and household necessities upon factory production as the dweller in the city. Much of the cooking, sewing, washing and ironing for the family is done better and more cheaply in the bakery, factory and laundry than in the home.

The lightening of household cares

Thus the lightening of household cares has become one of the interesting features of the influence of modern methods of industry upon the institution of the family, and herein lies the hope of the improved family of the future.

and its significance.

But with the passing of the economic function the family ceases to be an economic unit. The members of the household are not interdependent as formerly. The home is maintained more as a comfort and a luxury than as a necessity, the cost becomes more burdensome in proportion to the service rendered, and the temptation to "break up housekeeping" increases. It is cheaper to board.

Conclusion.

In this manner is being removed, to a large extent, what Professor Sumner regards as one of the most fundamental motives for the origin of the family, and what has continued to be one of the strongest reasons for its perpetuation. The new industry of the boarding-house and the bachelor apartment, and the opportunities of individual employment offered in modern economic production without regard to sex, have shown their influence in the later age at which marriage is contracted and probably also in an

increasing number of persons who do not marry at all. The same opportunities are open to the members of the broken family. . . .

134. The struggle for home life in the city ¹

The tendency of modern industry to concentrate large masses of people in cities has had a profound effect upon the family. Urban life offers the family many advantages over the country or the small town, but unquestionably the maintenance of a normal home is more difficult in the city than in the less heavily populated areas. A house does not constitute a home, but certainly it is one of the fundamental conditions of home life. For this reason one important method of safeguarding the American home is the correction of bad housing conditions, and the provision of proper standards of house construction for the future. The following outline of a housing program for Des Moines, Iowa, illustrates something of the trend of scientific housing reform:

Relation of housing reform to home life in the city.

Housing reform in Des Moines, Iowa.

The road to the city that Des Moines of tomorrow could become will be constructed only with well-considered plans and long-continued effort. The program for progressive work should include such purposes as the following:

First, the goal: standardized housing. It is necessary to hold firmly to a clear view of the fundamental need. The individual and his home life must be given a higher value for several reasons. One of them is the fact that the control of tuberculosis and other communicable diseases can never be secured merely by activity outside of the house. The tenets of personal hygiene taught in public must be attainable in practice within every house, at least to the extent of being able to get an abundance of outside air, a fair amount of daylight and a convenient access to indispensable sanitary equipment. Certain standards such as a sink and a water closet for every family, and an outside window in every room, must be written down as a minimum house equipment for normal family life in the city. . . .

The goal is standardized housing.

Second, effective control of new construction. A state law is the

¹ From the Housing Commission of the City of Des Moines (Iowa), *Report*, November, 1917; pp. 61-64.

A state housing law is recommended.

best objective. It preserves the city life of the state. It is not so much more difficult to secure than an ordinance in one city, and all cities profit from it. There are not enough differences between cities to make varying ordinances necessary. . . .

The necessity of proper renovation.

Third, center renovation. The city ought to be able to find a middle path between wholesale and excessively expensive renovation of old houses attempted in a year or two, and the other extreme of practically no renovation work. . . . There are living rooms and service rooms now without any windows that could have skylights. . . . Slum spots in the center of the city. . . . could all be brought up to a better condition in less than a decade, if the need were studied and one of the areas renovated every other year. . . .

Importance of community coöperation.

Fourth, community coöperation. . . . If a minimum amount of sanitary equipment is the common right of the public, for the purposes of public health and welfare, equally, also, is it the duty of the public to give that and all parts of rented property reasonable use. The children are now being taught to treat with respect public school property, the library, the parks and the playgrounds. They should receive steady schooling in the preservation of their own property and the house in which they live. . . .

Subnormal living conditions.

There should be a constant, forceful pressure on the families that are living in a subnormal way. The elimination of the worst houses cannot be considered without some thought for the elimination of the worst families. In the lowest life, the house equipment and the wretched house habits are inseparable. There are families on the verge of degeneracy that need official prodding and prosecution; there are many families that need education in the care of the house, and there are some that ought to have help in maintaining a better home. The groups that are working with these families at their homes, such as friendly visitors, the truant and probation officers and the sanitary men of the health department, might well be counseled with, for the establishment of coördination of effort. . . .

New construction methods desirable.

Fifth, new construction methods. The city ought to determine means for controlling not only the opening of new subdivisions that are without sewers and water, but also the occupancy of vacant, unserved blocks situated in areas now divided into lots. It ought to be possible to work out the details for city sanitary districts in

which the city services and a minimum house equipment are a prerequisite. . . .

135. Pensions for poor mothers ¹

In 1911 the Missouri legislature passed a law which provided that there should be paid out of the state treasury an allowance to mothers "whose husbands are dead or prisoners, when such mothers are poor and have a child and children under the age of 14 years." This was the beginning of the mothers' pension movement, which has since attained prominence in the majority of the states of the Union. Pensions to mothers who are of themselves unable properly to rear their children, are not considered charity, but a reimbursement extended by the state to its most important social servant. The purpose of mothers' pension laws is to prevent the breaking up of the home, when by death or otherwise the natural support of the family is removed. The following is a summary of mothers' pension laws in the different states, as formulated by the Children's Bureau in the United States Department of Labor:

Persons to whom aid may be given. — The law applies to any parent who on account of poverty is unable to care properly for a dependent or neglected child, but is otherwise a proper guardian, in Colorado and Nebraska; to any parent or grandparent in Nevada; to any parent or guardian in Wisconsin. In the other states it applies only to mothers. In California, New Jersey, Oklahoma . . . the mother must be a widow to receive the benefits of the act. In the remaining states not only widows but the following other classes of mothers with dependent children are included: mothers whose husbands are in prison in Idaho, Iowa, Minnesota, Missouri, Ohio, Oregon, South Dakota, and Washington; mothers whose husbands are in state insane asylums in Iowa, Minnesota, Missouri, Oregon, and Washington; mothers whose husbands are totally incapacitated, physically or mentally, in Illinois, Minnesota, Ohio, Oregon, South Dakota, and Washington; deserted wives in Michigan, Ohio, (if deserted for three years), Pennsylvania, and Washington (if deserted for one year). . . .

The mothers' pension movement began in Missouri, in 1911.

Persons who may receive public aid in the various states.

¹ From the United States Department of Labor, Children's Bureau, *Laws Relating to Mothers' Pensions in the United States, Denmark and New Zealand*. Washington, 1914; pp. 9-11.

Conditions governing the distribution of public aid:

(a) degree of poverty,

(b) conditions in the home,

(c) and residence.

Age of the child for whose care public aid is extended.

Conditions on which aid is given. (a) *Degree of poverty.* — The condition of receiving aid under these laws is uniformly that of poverty, with certain definitions added in some of the laws. In Washington the mother must be destitute; in New Hampshire and Utah she must be dependent entirely on her own efforts for support; in Oregon, wholly or partly dependent; in Illinois she may not own real property or personal property other than household effects. In Idaho, Illinois, Missouri, New Hampshire, Ohio, South Dakota, and Utah the aid must in the judgment of the court be necessary to save the child from neglect; in New Jersey, from becoming a public charge.

(b) *Home conditions.* — In most of the laws the requirement is made that the mother is a fit person, morally and physically, to bring up her children and that it is for the welfare of the child to remain at home. In Idaho, Illinois, Missouri, New Hampshire, Ohio, South Dakota, and Utah it is made conditional that the child or children be living with the mother and that the mother shall not work regularly away from home. In South Dakota she may not be absent for work more than one day a week; in Illinois and Ohio the amount of time is left to the discretion of the court.

(c) *Residence.* — In Washington and Minnesota one year's residence in the county is required; in Idaho, Missouri, New Hampshire, Ohio, and Utah two years' residence; in Illinois and Pennsylvania three years' residence. Some of the states require "legal residence" in the state; Minnesota, two years' residence; California and Massachusetts, three years; California and Illinois require, in addition, that the applicant be a citizen of the United States.

Age of child. — The maximum age of a child on whose account an allowance may be made is 14 years of age in California, Illinois (may be extended to 16 years if child is ill or incapacitated for work), Iowa, Massachusetts, Minnesota, Missouri, South Dakota, and Wisconsin; 15 in Idaho, Utah, and Washington; 16 in Colorado, New Hampshire, New Jersey, Oklahoma, and Oregon; 17 in Michigan; and 18 in Nebraska and Nevada. The legal working age is the limit in Ohio and Pennsylvania.

Amount of allowance. — The maximum allowance for one child is \$2 a week in Iowa, \$3 a week in Michigan. It is \$9 a month for

one child, \$14 for two children, and \$4 for each additional child in New Jersey; \$10 a month for each child in Minnesota and Nebraska; \$10 a month for one child and \$5 for each additional child in Idaho, Missouri (*i.e.* Jackson County), New Hampshire, and Utah; \$10 for one child and \$7.50 for each additional child in Oregon; \$12 for one child and \$4 for each additional child in Wisconsin . . . ; \$12 for one child, \$20 for two children, \$26 for three children, and \$5 for each additional child in Pennsylvania; \$12.50 for each child in California (\$6.25 a month by the state and a like amount by the city or county); \$15 for one child and \$5 for each additional child in Washington; \$15 for one child and \$7 for each additional child in Ohio and South Dakota; \$15 for one child and \$10 for each additional child in Illinois (not to exceed in all \$50 for any one family). In Colorado, Massachusetts, and Nevada no maximum is set, but the amount must be sufficient to care properly for the child, with the restriction in Nevada that it may not exceed what it would cost to maintain and educate the child in a county or state home. . . .

Amount of the allowance.

136. A proposed uniform divorce law ¹

One indication of family instability is the divorce rate. Students of American social conditions have frequently pointed out that in the United States the divorce rate is not only very high, but is rapidly increasing. Of the numerous remedies proposed for this condition, one of the most interesting is that of a uniform divorce law throughout the United States. In 1906 a National Congress on Uniform Divorce Laws met in Philadelphia and proposed a statute, from which the following passage is an extract:

Seriousness of the divorce evil, and the proposal for a uniform divorce law.

An Act Regulating Annulment of Marriage and Divorce

CHAPTER I — JURISDICTIONAL PROVISIONS

Article I — *Annulment of marriage*

Section 1. Causes for annulment.

A marriage may be annulled for any of the following causes existing at the time of the marriage.

¹ From the United States Bureau of the Census, *Special Report on Marriage and Divorce*, 1867-1906. Washington, 1909. Part I, pp. 272-273.

Causes
which may
justify an
annulment
of marriage.

- (a) Incurable physical impotency. . . .
- (b) Consanguinity or affinity according to the table of degrees established by law, at the suit of either party. . . .
- (c) When such marriage was contracted while either of the parties thereto had a husband or wife living, at the suit of either party.
- (d) Fraud, force, or coercion, at the suit of the innocent and injured party, unless the marriage has been confirmed by the acts of the injured party.
- (e) Insanity of either party. . . .
- (f) At the suit of the wife when she was under the age of 16 years at the time of the marriage, unless such marriage be confirmed by her after arriving at such age.
- (g) At the suit of the husband when he was under the age of 18 at the time of the marriage, unless such marriage be confirmed by him after arriving at such age.

Article II — *Divorce*

Section 2. Kinds of. Divorce shall be of two kinds: (a) Divorce from the bonds of matrimony. . . . (b) Divorce from bed and board. . . .

Article III — *Divorce from the bonds of matrimony*

Causes for
divorce
from the
bonds of
matrimony.

Section 3. Causes for.

The causes for divorce from the bonds of matrimony shall be:

- (a) Adultery.
- (b) Bigamy, at the suit of the innocent and injured party to the first marriage.
- (c) Conviction and sentence for crime . . . followed by a continuous imprisonment for at least two years, or in the case of indeterminate sentence, for at least one year. . . .
- (d) Extreme cruelty, on the part of either husband or wife. . . .
- (e) Wilful desertion for two years.
- (f) Habitual drunkenness for two years.

Article IV — *Divorce from bed and board*

Section 4. Causes for.

The causes for divorce from bed and board shall be:

(a) Adultery.

(b) Bigamy, at the suit of the innocent and injured party to the first marriage.

Causes for
divorce
from bed
and board.

(c) Conviction and sentence for crime . . . followed by a continuous imprisonment for at least two years, or in the case of indeterminate sentence, for at least one year. . . .

(d) Extreme cruelty, on the part of either husband or wife. . . .

(e) Wilful desertion for two years.

(f) Habitual drunkenness for two years.

(g) Hopeless insanity of the husband.

Article V — *Bars to relief*

Section 5. When decree shall be denied.

Bars to
relief.

No decree for divorce shall be granted if it appears to the satisfaction of the court that the suit has been brought by collusion, or that the plaintiff has procured or connived at the offense charged, or has condoned it, or has been guilty of adultery not condoned. . . .

Article VIII — *Evidence*

Section 14. Proof required.

Proof
required

No decree for annulment of marriage, or of divorce, shall be granted unless the cause is shown by affirmative proof aside from any admission on the part of the defendant. . . .

Article IX — *Decrees*

Section 16. Rule for decree *nisi*.

Decree *nisi*.

If after hearing of any cause, or after a jury trial resulting in a verdict for the plaintiff, the court shall be of opinion that the plaintiff is entitled to a decree annulling the marriage, or to a decree for divorce from the bonds of matrimony, a decree *nisi* shall be entered.

Section 17. Final decrees, entry of.

A decree *nisi* shall become absolute after the expiration of one year from the entry thereof, unless appealed from or proceedings for review are pending, or the court before the expiration of said period for sufficient cause, . . . otherwise orders; and at the expiration of one year such final and absolute decree shall then be entered, upon application to the court by the plaintiff, unless prior to that time cause be shown to the contrary.

Decree in
the case of
divorce
from bed
and board.

Section 18. Decree in the case of divorce from bed and board, terms of.

In all cases of divorce from bed and board for any of the causes specified in section 4 of this act, the court may decree a separation forever thereafter, or for a limited time, as shall seem just and reasonable, with a provision that in case of a reconciliation at any time thereafter, the parties may apply for a revocation or suspension of the decree; and upon such application the court shall make such order as may be just and reasonable. . . .

137. Education for home-making ¹

Education
versus leg-
islation as
a remedy
for family
instability.

Although wisely drawn and carefully administered marriage and divorce laws will undoubtedly reduce the number of unsuccessful families, legislation is limited in its influence upon family instability. Legislation attacks symptoms, while education tends to remove the fundamental causes of unsuccessful marriages. While legislation remains an important concern, therefore, an increasing amount of attention is being given to the preparation of young people for home-making. At the present time an important element in this educational program is the attempt to give young people, and especially girls, a knowledge of those household arts which are fundamental to home-making. The following summary of a state program of education for the home is from a report by the Bureau of Education in the United States Department of the Interior:

A state
program of
education
for the
home.

There is presented herewith, in summary, a brief statement of points comprising a state program of education for the home as they may, with advantage, be expressed in its school legislation.

State super-
vision.

1. A requirement that household arts be taught in every elementary school, city and rural.

2. State supervision of household-arts education by an expert inspector, preferably an assistant attached to the office of the state superintendent of schools, who can give direction to the development of a progressive program.

¹ From the United States Department of the Interior, Bureau of Education. *Bulletin*, 1914, No. 37. "Education for the Home." Washington, 1915. Part II, pp. 46-47.

3. Home economics included as a part of the normal-school preparation of every grade teacher, and as a part of the course in all training classes for teachers, city and rural, so that household-arts teaching may be included in the grade work of the regular teacher.

The preparation of teachers.

4. A certificate for special teachers of household arts requiring not less than two years of professional training beyond the high school, and for supervisory teachers a three-year or, preferably, a full four-year course.

5. A state grant toward the salary of special teachers of household arts and supervisors of household arts — that is, of teachers with the specified preparations who devote full time to household teaching.

Salary.

6. A system of supervision of household-arts teaching in rural schools, through a visiting teacher who gives special instruction and who aids the regular teacher in this special field . . . ; by a system of consolidation of rural schools; or by the Minnesota system of associating rural schools with a central school.

Supervision in rural schools.

7. In secondary education encouragement of household science teaching in all public high schools; first by state grants toward teacher's salary, and ultimately by a requirement that the subject be offered at least as an elective.

8. The recognition of household arts and home-making in the new program of vocational education by giving these subjects a place coördinate with training for industry, commerce, and agriculture.

Vocational education in various types of schools.

9. Prevocational classes of the seventh and eighth grades in household arts and in other fields to hold pupils who now leave school — but not to encroach on fundamental education of a general character.

10. On the secondary level, distinct vocational training in household arts and in other fields — by day schools, or part-time continuation schools at daytime hours, or by evening classes to be done away with as soon as the part-time continuation school at daytime hours can be introduced. . . .

11. Higher institutions, normal schools, technical institutes, and colleges will provide vocational instruction upon a higher level.

12. The program of extension education to reach the homemakers of the present generation to be carried out both in city and country. In the city this involves lectures, day and evening classes under the

Extension work in city and country.

public schools, and instruction by settlements, philanthropic societies, churches, and other agencies through classes, visiting housekeepers, home schools, or model flats, and other means. In the country the prime need is for movable schools of homemaking, and visiting advisory teachers of housekeeping, whose work as consultants may be developed in connection with the farm demonstration work in agriculture. Meanwhile women's institutes, homemaking clubs, correspondence courses, housewives' bulletins, and similar agencies are utilized increasingly by agricultural colleges and local schools to reach the rural home.

138. The attitude of young people toward marriage¹

Importance of the ideals which are held by prospective husband and wife.

Even more important, perhaps, than training in the fundamental household arts, is the attitude of the young man and young woman toward marriage. The most careful preparation of a young man as a breadwinner, and the most skilful management of household economies by the young woman, will not guarantee a successful and happy home if the ideals of husband and wife are fundamentally wrong. The exaggeration of individualism, the undue insistence upon ambition, social prestige, and personal pleasure, the unwillingness to make the mutual concessions necessary to a successful marriage, all these factors render highly important the attitude of young people toward marriage. In the following passage the ideals which ought to motivate the prospective husband and wife are outlined by Raymond Calkins:

Fundamental significance of the family.

Doubtless the problem of the family is the most serious of all our social problems, for the simple reason that it underlies them all. It is precisely because the integrity and coherence of the family group are the test of American civilization that modern social observers are justly filled with alarm when they discover its steady and even rapid disintegration. . . .

The basic remedy for family instability.

[And what is the remedy for this disintegration? The tightening of marriage and divorce laws and other legislative remedies are advocated by many reformers.] Yet all of these suggestions, however important, fail to go to the root of the matter. For the problem of

¹ From Raymond Calkins, *The Christian Idea in the Modern World*. The Pilgrim Press, Boston, 1918; pp. 63-66.

the family, ultimately, is not "the result of a defective social arrangement, but of a defective moral creed." Its solution therefore must be sought not in the sphere of legislation or of economic adjustment, but in the regulation of the impulses and affections of the human heart. It is precisely the operation of the christian idea in the life of the individual that alone will solve the problem of family life. . . .

The arch-enemy of the family, and of any kind of associated life, is the selfish will. The real foe of family life is the untamed Adam of the human heart, a deep-seated, obstinate and inveterate egotism, arrant and unmitigated selfishness. Family disintegration is simply a modern recrudescence of the selfishness of Cain. Elementary as such a proposition is, . . . the discovery that it is true brings to many people the shock of surprise. They have thought of marriage and the life of the home as simply another way of realizing selfish desires and ambitions, and suddenly they find themselves involved in a moral situation that demands of them the continued exercise of the generous instinct of self-forgetfulness, the foregoing of their own desires and wills.

Selfishness
the arch-
enemy of
the family.

This they are unprepared to perform. Their idea is both to have their own selfish way and a home also, and it is a great revelation to them to discover that the thing cannot be done. It is selfishness that breaks up a home. It makes no difference what form that selfishness may take. It may take the form of actual brutality, of purely material conceptions of living, or of ungenerous self-consideration or a petty disregard of others' feelings and refined cruelties of speech. The fundamental law of the family life is mutual consideration and good will. Upon that spiritual foundation the family rests. Let one violate that law, and he precipitates an inevitable and tragic collision of forces that must result in the wreckage of human life and happiness.

The funda-
mental law
of family
life.

In other words, it is only as the christian idea is recognized and put into practical operation that the gravest of our social problems can be solved. Nothing will counteract this social disease and prevent its spread but the education of the individual in the moral ideas of Jesus. Not only are those ideas practicable in this most intimate and fundamental of human relationships, but they must positively be practised if those relationships are themselves to be preserved and perpetuated.

Conclusion.

Questions on the foregoing Readings

1. Name an important influence which has helped to disintegrate the family.
2. Explain what is meant by the statement that formerly "the family was the economic unit of society."
3. What is the relation of urban development to the family?
4. What is the significance of the fact that within recent times household cares have lightened?
5. What is the relation of the house to the home?
6. Outline the Des Moines housing program with respect to standardized housing.
7. What is the advantage of a state housing law, instead of numerous city ordinances on housing?
8. What is meant by center renovation?
9. What is the importance of community coöperation in housing reform?
10. State the family problem with reference to subnormal living conditions.
11. When and where did the mothers' pension movement begin in the United States?
12. Summarize the mothers' pension laws of the United States with reference to the type of persons who may receive aid.
13. Under what conditions may aid be received?
14. Compare mothers' pension laws in the various states with reference to the age of a child on whose account aid is allowed.
15. Compare the various states legislating on mothers' pensions with regard to the amount of the allowance.
16. By what body was a uniform divorce law proposed in 1906?
17. Summarize the proposed law with reference to the causes for which a marriage might be annulled.
18. What two types of divorce did the law cover?
19. Give some of the important causes which might be grounds for either type of divorce.
20. What did the proposed law have to say concerning evidence?
21. What different types of decrees did the law provide for?
22. What is the fundamental aim of education for home-making?
23. Summarize a state program of education for the home.
24. What factors render important the attitude of young people toward marriage?
25. What, according to Dr. Calkins, is the arch-enemy of the family?

CHAPTER XXIV

DEPENDENCY: ITS RELIEF AND PREVENTION

139. Instability of the urban neighborhood ¹

An ever-present problem in American social life is the care and treatment of those individuals who are dependent for the necessities of life upon persons or agencies outside their immediate families. The problem of the destitute, the sick, the mentally defective, and the otherwise dependent, is met with in every type of community, but on a particularly large scale in our great cities. The rapid development of industrial cities, and the evils of unregulated neighborhood growth in urban districts, have combined to accentuate the problem of dependency in the city. Dependency is also related to the mobility of the urban neighborhood, as Mr. McKenzie points out in the following selection:

Dependency in its relation to urban life.

That the mobility of modern life is intimately connected with many of our social problems there is general consensus of opinion. Assuming that a reasonable amount of mobility is both inevitable and desirable, nevertheless it is unquestionably true that the excessive population movements of modern times are fraught with many serious consequences.

The mobility of modern life,

Perhaps the most obvious effect of the mobility of the population within a city is the striking instability of local life. Neighborhoods are in a constant process of change; some improving, others deteriorating. Changes in incomes and rents are almost immediately registered in change of family domicile. Strengthened economic status usually implies the movement of a family from a poorer to a better neighborhood, while weakened economic status means that the family must retire to a cheaper district. So in every city we have two general types of neighborhood; the one whose inhabitants have

and its most obvious effect.

¹ From the *American Journal of Sociology*, Vol. XXVII, No. 2, September, 1921. (R. D. McKenzie, "The Neighborhood," etc.); pp. 157-159, 161-162, 167.

located there on the basis of personal choice, and the other whose inhabitants have located there as the result of economic compulsion. The former . . . contains the possibilities for the development of neighborhood sentiment and organization, while the latter lacks the necessary elements for reconstruction. . . .

Mobility of population handicaps the social worker.

[Mobility of population gives rise to problems which are the concern of social workers.] Organizations dealing with delinquency and dependency are hampered in their efforts by the frequent movements of their "cases." Similarly the church, trade union, and other voluntary forms of association lose in their efficiency through the rapid turnover of the local membership lists. . . .

Social causes of intercommunity migration.

[It is important to notice the social causes of intercommunity migration.] The sudden change from a predominantly agricultural to a predominantly industrial society has occasioned a mobility of life unknown before. As long as the soil furnished the chief basis of economic income man was obliged to live a comparatively stable life in a fixed and definite locality. With the development of the modern capitalistic régime, the presence of the individual is no longer necessary to insure the productivity and security of his property. . . . He is thus left free to live, if he so desires, a nomad life. Of course all classes in society are not equally free to move about. The middle-class tradesman and many of the professional groups are more or less tied to definite localities by the very nature of their work. On the other hand, the well-to-do and the day-laborer are free to move almost at will.

Chief cause of migration among wage-earners.

Our modern factory system is the chief cause of the present migratory tendencies of the wage-earning class. . . . "Seasonal or intermittent occupations, temporary jobs, commercial depressions, occasional unemployment, and a general sense of the lack of permanency in the tenure of their industrial positions, pull settled families up by the roots and seldom leave them long enough in one place to take root again. Our manual workers are more and more transient. Many among them are forced to become tramping families."

Mobility within the community.

Moreover, change of residence from one section to another within the community is quite as disturbing to neighborhood association as is movement from one community to another. . . .

Again, there is a type of mobility that is not indicated by change

of residence, but which is almost as significant from the standpoint of neighborhood life. This is measured by the ability of the individual, due to modern methods of communication, to utilize the larger social environment afforded by the community as a whole. The automobile, street car, telephone, and press, together with the increased leisure time, have all contributed greatly to the breakdown of neighborhood ties. . . .

Another type of mobility.

140. The diagnosis of dependency ¹

Social workers who come into intimate contact with the dependent classes are obliged constantly to recognize the fact that in the majority of cases dependency exists, not as the result of a single influence, but because of a number of causes. These causes, sometimes conveniently classified as economic, social, political or personal, generally interlock with one another in a most baffling way. In view of this complexity, a case of dependency demands careful and detailed diagnosis, if the dependent individual or family is to be helped back to normal life. In the following extract from a report of the Detroit Associated Charities are two typical cases, and, in each instance, the diagnosis of the causes of dependency:

The complex nature of dependency necessitates careful diagnosis.

CASE NO. 376

The family consists of father, age 34; mother, age 30, and five children ranging in ages from 3 to 10 years.

A family is helped to move to Detroit.

The case first became known to the United Jewish Charities in 1910, to whom the family had been sent by . . . an organization which assists immigrant families to move from the congested districts of New York City to the interior of the country. Upon arriving in Detroit the family was given financial aid for a period of one month, and the man was placed in employment.

In November, 1911, the family again applied to the United Jewish Charities because of economic need. The man was unemployed and the woman ill. Payment of rent and emergency relief was asked for and granted. A stove was also given the family. Failing to find work, the man became dissatisfied, and the family returned of its own accord to New York City.

New difficulties.

¹ From the Detroit Associated Charities, *Trouble Cases*. Detroit, Mich., 1919; pp. 18-19, 32-33.

Relief again
received.

In May, 1912, the family again returned to Detroit on its own volition. There is no record of aid being given to this family until April, 1913, when the man was sent to the hospital. Relief was given to the family by the United Jewish Charities and the woman was supplied with free medical service during maternity. . . .

Case com-
ment and

Case Comment: Cases of this type reveal chiefly economic problems that are fairly numerous. . . . The work of the agencies on the case appears to have been helpful and gradually the family seems to have attained self-support. . . .

diagnosis.

Diagnosis: Attempt to improve condition by removal from congested eastern city, followed by unemployment, and insufficient income for health needs. . . .

CASE NO. 821

Another
case:
Family des-
titute, man
out of
work, and
living con-
ditions bad.

On the last day of 1915 the L. family came to the attention of the Poor Commission. One week previously, this American family, consisting of father, age 35, mother 30, and six children, from 1 to 12 years, had left the farm owned by the man's father because it was too small to furnish adequate support to both families, and had come to this city to live with the woman's mother, a widow, who was herself receiving relief from the Poor Commission. . . . When the investigator for the Poor Commission found the family, ten of them were living in one room, and the father, who had spent his working life on a farm . . . had not as yet been able to find employment. The owner of the house in which they were living was complaining bitterly of the overcrowding and unsanitary conditions. The Poor Commission gave emergency relief, provisions and fuel, and obtained employment for the man.

Further
trouble.

Two weeks later the man was again out of work; the family was destitute, and applied to the Society of St. Vincent de Paul. This society investigated and found the family destitute and the youngest child ill with diphtheria. The child was sent to the [hospital]. . . . Because of the unsanitary conditions of the household, the family were referred to the Visiting Housekeeper Association for instruction. . . .

Transporta-
tion refused.

During the second employment period of the man it seemed possible that the family might become chronically dependent, and they were

offered transportation back to their legal residence. This the family refused.

The Conference of St. Vincent de Paul had given temporary relief in this case and had then referred the family to its Child Caring Department for social work. The social worker made several visits. In March the man was working, earning about \$2.00 to \$2.50 a day. In April the house was condemned by the Board of Health and the family moved to another place. . . .

Low wages.

Family moved.

In November, 1916, the family again applied to the St. Vincent de Paul Society because of destitution. . . .

Case Comment: This case involves an economic problem of low wages, complicated by illnesses of various members of the family. It is illustrative of the extreme difficulties encountered by a family of this type locating in Detroit without resources. . . . More generous standards of relief would have lessened the family difficulty.

Case comment and

Diagnosis: Economic difficulties of native worker in new environment: illness of children: poor housing: inadequate relief.

diagnosis.

141. The friendly visitor ¹

3

Because dependency is a many-sided phenomenon, we have been obliged to develop various types of social work to attack the different phases of the problem. Prominent in the field of social work are organized charity societies, known by various names in different cities. One of the characteristic elements in the work of organized charity is friendly visiting. The best type of friendly visitor is a trained social worker who personally wins the confidence and loyalty of the dependent, and then, by constructive aid and advice, helps to induce a normal situation. Some concrete examples of the work of the friendly visitor may here be cited from the Twenty-first Annual Report of the Associated Charities of Boston:

Friendly visiting an element in organized charity work.

Ten years ago one of our visitors made her first call upon the family whose story is here given. She found five untidy children, the father just recovering from a broken leg, and the ailing mother with a sickly, small baby, regarded as the bringer of the family's recent

A family which had fallen on evil days is found by a friendly visitor

¹ From the Associated Charities of Boston, *Twenty-first Annual Report*. Boston, November, 1900; pp. 10-13.

bad luck. A leaky stove hardly warmed their two badly kept rooms, and was of no use at all for baking. So the family lived on baker's bread, bacon, and other unsuitable and comparatively expensive foods.

and taught the fundamentals of a proper diet, and the care of money.

The gift of a new stove procured by the Conference made a pleasant opportunity for the visitor to show the mother how to cook better and cheaper food; she also taught her to cut and fit clothes for her family. . . . The health of all improved, and the family finances as well. The visitor showed how much cheaper it was to save money and buy a carpet for cash than to buy on the instalment plan, as the mother had wished; and this experiment led to the purchase of all the household goods for cash, and eventually to the purchase of the house itself. . . .

A drunkard is turned into an industrious and responsible citizen.

A case where a little investigation resulted immediately in benefits to the family is that of a woman who applied to one of our agents for help for herself, sick husband, and two children. The relief society which had helped before reported that the man was a hopeless drunkard for whom it was useless to do anything. Our agent found that the man had been a carpenter on a southern ranch, and wrote to his employers there. They needed his services, and sent money for his ticket back. It was rheumatism which in the climate of Boston kept him from working, and drove him to drink. Since returning south he has worked steadily on the ranch, comfortably supporting his family, who remain here.

A third case.

Three years ago a man fell from a staging and was killed, leaving a wife and five small children. The visitor appealed to the man's former employer, who furnished fuel for the family for some time; the two youngest children were taken into the day nursery; a former employer of the mother also assisted with groceries; relatives were interested, who helped to the extent of their ability; and friends secured quite a sum by means of a benefit ball. This money the woman is using in fitting up and stocking a little store near a park, which promises to make her self-supporting. . . .

[Another case is that of a] couple with two young children. . . . The man, formerly a 'longshoreman, had lung trouble, and was unable to do hard work. The visitor secured admission for the oldest child to the day nursery, and found the woman work, which she soon lost

through inefficiency. Again the visitor secured work for the woman and light outdoor work for the man, who has greatly improved in health. The next step was to induce the family to leave their wretched quarters for a more homelike place, and this was accomplished. Back debts have been paid, a new stove is gradually being paid for, and they are now receiving practically no help.

Constructive aid extended a family formerly dependent upon a sick man.

[Here is another case:] A man, unable to do hard work, earned a little; wife suffered from epilepsy and periods of insanity; several of the five children delicate, and two of them deformed. Through the efforts of the friendly visitor, one child was admitted to the Children's Hospital, its legs were straightened, and the boy sent home with its limbs in a plaster cast. . . . The child is now at home again, perfectly well and sound. In the mean time the mother's sister in an inland city was consulted, and gave the baby a good home with herself while the mother was in the hospital for the insane.

A family which cannot be rehabilitated, but which the friendly visitor

Whatever the future may show as to the wisdom of keeping this family together, it will readily be seen that the visitor's efforts, with the help of the charities, have resulted in restoring to perfectly normal and healthy condition one who would otherwise have been a cripple and burden on society.

partially re-organizes.

142. An ideal almshouse ¹

As a general rule, persons who are only slightly or temporarily dependent, and who do not need specialized care or treatment, are best treated in their homes. On the other hand, relief should generally be extended through institutions where the dependent is permanently or totally disabled, or where he is in need of special care and treatment. The oldest and least specialized of all institutions for the adult dependent is the almshouse, sometimes called the poorhouse. In the following selection Francis Bardwell, formerly Inspector of Almshouses in Massachusetts, tells what an inmate of an ideal almshouse has a right to expect:

Two types of relief.

Those of us whose business it is to deal with the affairs and management of institutions usually approach the subject through the main hallways; I feel that we would get further and see clearer if we came

The almshouse.

Taking the point of view of the inmate.

¹ From the National Conference of Social Work, *Proceedings*. Forty-fourth Annual Session. Pittsburg, June 6-13, 1917; pp. 357-361.

into the institution at the inmates' entrance and saw things from their point of observation.

Things
which the
inmate has
a right to
expect of
the alms-
house.

[Suppose that I am a pauper and that the authorities see fit to care for me through the medium of the almshouse.] When I have made application and been accepted, I have a right to expect certain things pertinent to my comfort, welfare, and care. . . . First, I have a right to demand the common necessities — shelter, personal cleanliness, food, clothing, and medical attendance; second, I have a right to ask for the following comforts — kindly attendance, quiet and decent quarters, reasonable freedom from objectionable fellow inmates, the opportunity of receiving visits from friends; third, I hope to receive some form of recreation, the pleasure of attending religious services at least monthly, employment suited to my age and physical condition, the right to protest, without detriment to myself, against any hardship I may feel that I am forced to bear. . . .

An ideal
almshouse
building.

First, then, I demand as my right, shelter. This means the almshouse building. . . . Briefly, we need a building, properly heated, allowing for separation of sexes, ample fire protection and fire escapes, well-equipped kitchen and laundry, well-arranged sleeping quarters, intelligently planned sanitary conveniences, an assembly room, or dining room large enough to use for an assembly room, rest rooms for the women and smoking rooms for the men, adequate hospital accommodations, etc. . . .

Food and

Food. — What shall the standard be? A sufficient amount of well-cooked, nutritious food, varied and suited to the condition of the consumers. Invalids and the sick should have the advantage of a dietary provided by the physician. . . .

medical
attendance.

As an almshouse inmate I am entitled to good medical attendance, and I look to the administration to furnish the same standard as they employ in their own families. . . .

Kindly
attendance.

Kindly attendance. — Whatever else a warden may possess in executive ability, he must be honest and kindly. . . . The matron must be a woman who has lost her temper for all time, a good manager, and, in a word, a mother to the inmate family. . . . The administration must be conducted for the proper care of the inmates. The institution exists for its inmates, not for one type, one group, but as

is best for all. Proper care should never be subordinate to mere economy. . . .

I, as an inmate, want recreation, work, religious services, and the right to report abuses and not suffer for so reporting. I think it should be the duty of the superintendent, with the strong backing of the directors, to enlist the coöperation of various church societies and fraternal orders so that entertainment may be provided for the almshouse people, talks, concerts, simple treats, and in some cases moving pictures. I believe that every almshouse should have its Christmas observance, a tree, little remembrances and gifts, and above all the Christmas spirit that to many poor old people banishes for a time the feeling of complete dependence. Men and women should be provided with games, papers, magazines, etc. I know one almshouse that provides a car ride and annual picnic, and another where a lady of the community opens her home for a whole day and entertains the old ladies. Such events provide pleasant anticipation and hours of wonderful memories, and are a good investment in almshouse administration, as is anything that brings about the spirit of contentment. . . .

The right to recreation, religious services, etc.

143. State control of institutions for dependents ¹

As has been suggested, charitable relief may be either institutional or non-institutional. To confine our present attention to institutional relief, the past century has witnessed a twofold development in this field. In the first place, there has been a high degree of specialization to meet the needs of various types of dependents. In the second place, there has been a tendency for all of the charitable institutions of the state to be placed under coöordinated management. In the following selection Professor Henderson discusses some aspects of this development:

The two-fold development in institutional relief.

For the function of supervision and direction of the state institutions through an administrative body it has been found desirable to appoint boards of competent persons charged with this duty. The tendency to specialization in older and more populous states is shown in the creation of separate bodies for the supervision or control

In the control of state institutions,

¹ From Charles Richmond Henderson, *Introduction to the Study of the Dependent, Defective, and Delinquent Classes*. D. C. Heath & Co. 1901; pp. 206-208.

of institutions of charity, lunacy, prisons, health, and education. It is impossible to govern such varied interests by general statutes, and the legislature is incompetent to frame practical rules of government. Administrative agents may be selected by the executive head of a commonwealth who are able to give particular attention to the various needs of the several classes of public wards.

division
of labor is
necessary.

Pauperism and crime should be separated from each other in thought and practice, and both from insanity, health, and education. The problems are too vast and complex to intrust to a single board. There must be division of labor. It is impossible to find in any one man all the necessary qualifications for success in several different departments. A commission which has long devoted itself to the consideration of the wants of the insane is rarely composed of persons most suitable to serve as overseers of prisoners. A board of health requires expert medical knowledge, while the leaders of public schools must be trained in the science and art of education.

There are two types of state boards of charities, distinguished by their functions and powers, one charged with supervision, and others with control. The objections to having a single board of control for all the institutions of a state have already been considered.

The proper
field of a
state board
of charities.

The proper field of a state board of charities is the supervision of all establishments of the commonwealth, and of voluntary associations which are philanthropic in character. It has power to require accounts to be kept on a uniform and prescribed plan, so that results may be compared. All officials are under legal obligation to afford all necessary facilities for the study of conditions, working, and discipline. The board represents the interests of the entire people of the state, whose sacrifices furnish support and whose fortunes are affected by the use or abuse of corporate powers. Such a board, having no direct and administrative responsibilities, is independent of each particular institution, and is in a position to weigh and compare the claims of all with just and fair judgment.

Status of
its recom-
mendations.

Their recommendations to the legislature have an authority and presumption of impartiality which cannot be expected of the local boards. The public is justified in a certain reserve in accepting the statements, the claims, and the requests of a controlling body which may be expected to favor its own policy and conduct.

A supervisory state board of charities may have certain quasi-administrative duties assigned it without impairing its general character. Thus it may be empowered to examine and pass upon all plans for county, city, and state buildings, as asylums, poorhouses, jails, and the law may require their approval before contracts may be let. They may also be required to remove paupers from the state or from one institution to another within the state, when such changes promise to promote justice and efficiency of treatment.

Quasi-administrative duties of the board.

The political principle of administration at the basis of all state boards is very wide and vital. The people of the entire commonwealth have an interest, financial and moral, even in institutions with local support and control, as schools, . . . police of cities, taxation, municipal finances, and industries and charities. The principle may be formulated thus: when the interest of the entire people of the commonwealth is involved in local administration, the best regulative agency is a supervisory board or a commission, appointed by the executive branch, and acting continuously to safeguard the interest of the commonwealth.

The principle of state administration

The reasons for adopting this principle are: That a central board or commission, so appointed, is more apt to be composed of able and competent men. They act before the public view and are held to a higher standard of responsibility and efficiency. They have a wider field of observation, and comparison of conditions and methods. They can command the most efficient means of securing information.

and the reasons for adopting it.

The special and occasional examinations by temporary committees of legislatures are utterly inadequate, because they have not the previous and continuous training which secures expert judgment.

144. The movement for financial federation¹

We have noticed that in institutional relief specialization has been accompanied or followed by coördination. Non-institutional relief has experienced this same twofold development. The coördination of non-institutional relief agencies may take one of several forms. Some students believe that while it is desirable for the *functions*

Movement to coördinate social agencies of a non-institutional nature.

¹ From the American Association for Organizing Charity, *Financial Federations*. New York, 1917; pp. 63-67.

of such agencies to be coördinated, the organizations should remain separate and distinct as regards finances and internal management. More recently, however, others have advocated the federation of social agencies financially as well as functionally. A financial federation may include all community-wide, non-sectarian associations or social agencies which desire to raise their funds jointly or by common action. In 1917 the American Association for Organizing Charity formulated the following conclusions and recommendations with respect to financial federations:

Our general conclusions are as follows:

1. Measured by total contributions, financial success appears to have been usual in initial federation years except where there has been inadequate preparation and organization. . . . In most federations the cost of collection has probably been reduced below what it might have been under average unfederated conditions, but the gain has not been a marked one.

2. On the educational side there has been an undoubted gain in certain cities, due to their federations' publicity efforts, and some gain in all cities to the extent that joint appealing makes the breadth and variety of social work better realized. But even in the federation cities that have done the best educational work we recognize a tendency, which seems to us inevitable, toward a loss of interest resulting from the lessened contact between givers and the objects of their gifts, and we very much doubt whether this has not more than offset all that has been gained by organized publicity and by the one educational element in joint appealing just referred to. . . .

3. On the social side the gains of the federations that have attempted social work have been considerable, and usually so far they seem not to have been offset by losses, other than [the loss previously noted.] The fact, however, that so many federations have neglected social work indicates a tendency which grows out of the imperative character of the financial problem which it is a federation's first duty to solve. . . .

[However,] in many cities in which no federations exist progress has been steady and important, both in educational lines and in organized coöperative social work — quite as important, even though possibly not as rapid, as that which has taken place in certain of

Degree of
financial
success.

Educational
aspect of
financial
federation.

Question of
gains from
the social
side.

Progress in
cities where
federation
does not
exist.

the federation cities. . . . [Due to the insufficiency of the data, we must conclude that] whether the federation plan in any city means a net social advance or the reverse is yet to be demonstrated. No demonstration, moreover, can be made in the next two or three years. The more far-reaching effects can hardly show themselves in that time. It must be recalled also that the forming of a federation means an immense amount of work, which is wasted unless the federation accomplishes more than the constituent associations could do. Unless this result is very probable, federation should not be undertaken. . . .

A warning.

We recognize that many of the federation difficulties . . . are due to mistakes of management. The secretary of one of the large federations states that "no important movement has suffered more from hasty organization, inadequate preparation, and amateurish leadership than the federation movement."

Mistakes of management.

It should be remembered that to a considerable extent when an organization enters a federation it burns its bridges behind it. The secretary of one of the large federations writes: "Obviously, after a few years of giving which is almost altogether undesignated giving it will be very difficult to restore designations or even to restore the old unfederated order." . . .

Federation often an irrevocable step.

A few months ago Mr. Williams stated that "the biggest obstacle to the success of the federation plan is that its logic is too good — it looks too easy." This is very true. It partly explains the great mortality among federations. Five out of twenty have been abandoned and one other has suspended operations. The abolition of competition in the financing of social organizations, for the sake of avoiding its waste, is as attractive a proposition in theory and apparently as logical as the abolition of competition in business. . . . But in the social field . . . there are spiritual and psychological factors which leave doubts as to the ultimate advantage to be derived from giving up a plan of work which has behind it the experience of more than one generation of social workers, in order to adopt one which, according to many who are in a position to know, is still in its experimental stage.

The greatest obstacle to federation.

Conclusion.

Questions on the foregoing Readings

1. What is the relation of dependency to urban life?
2. What is the most obvious effect of the mobility of the urban population?
3. What are the social causes of intercommunity migration?
4. What is a chief cause of the migratory tendency among wage-earners?
5. How may the causes of dependency be classified?
6. Why is it necessary to analyze cases of dependency in a careful and detailed way?
7. Outline the history of the family which became dependent because of removal from New York to Detroit under unfavorable circumstances.
8. Explain the case of the family which became dependent because of removal to an environment in which the chief wage-earner was not qualified to support the family.
9. What is the relation of friendly visiting to organized charity work?
10. Give an example of how a friendly visitor instructed a family in the fundamentals of a proper diet and the care of money.
11. Give some further examples of the constructive work of the friendly visitor representing the Associated Charities of Boston.
12. What are two general types of charitable relief?
13. What three classes of things does Mr. Bardwell believe an inmate has a right to expect of the almshouse?
14. Describe an ideal almshouse building.
15. What has the inmate of the almshouse a right to expect in the way of food and medical attendance?
16. What ought the inmate to receive in the way of recreation?
17. What twofold development has taken place in the field of institutional relief?
18. Why is division of labor necessary in the control of state institutions?
19. What is the proper field of a state board of charities?
20. What is the political principle of administration at the basis of all state boards?
21. What are the reasons for adopting this principle?
22. What is a financial federation?
23. What can be said as to the educational and social gains from financial federation?
24. What is the greatest obstacle to the success of the financial federation?
25. What is the conclusion of the American Association for Organizing Charity with respect to the future of the financial federation?

CHAPTER XXV

RURAL LIFE

145. Why young people leave the farm ¹

A fundamental factor in the problem of rural life is the tendency of country people, and particularly of young country people, to remove to towns and cities. The causes for this cityward drift are complex, but in general they are grouped around the belief that the city offers more advantages and fewer disadvantages than does the country. Particularly where young people are concerned it is necessary to notice the influence of suggestion upon the cityward drift. This important influence, often overlooked, is described by Professor Groves in the following passage:

Some causes of the cityward drift.

The movement of population toward urban centers . . . deserves study in the light of the modern teaching of psychology. . . . Suggestions influence the child profoundly, and, of course, not less in the country than in the city. In many cases the life of the rural child is penetrated more deeply by significant suggestions, because his life, since it is spent in a less complex environment, offers a smaller quantity of suggestions, or a greater uniformity of such influence. In any case, the suggestions that enter the mind of the rural child provide a basis for explaining later actions. . . .

Suggestion and the rural child.

Every occupation provides reasons for discontent, but in the country any dissatisfaction with the conditions of . . . farming is likely to develop into discontent regarding the country itself, for the occupation and the environment are hardly to be distinguished. Indeed, in leaving the occupation of farming, it is usually necessary for such people also to leave the country towns. . . . Suggestions, therefore, that farming does not pay, or is too laborious and unprofit-

Significance of discontent with farming.

¹ From Ernest R. Groves, *Using the Resources of the Country Church*. Association Press, New York, 1917; pp. 7-9, 14-15, 19-21.

able, translated into effective action, bring about a removal from both industry and locality.

The effect
of prolonged
toil.

The early experiences on the farm may leave a suggestion of unreasonable toil. Romantic youth cannot rest content with a vision of endless, lengthened hours of work and merely a living. . . . Parents have at times been responsible for this conception of farming, because they have insisted upon having their sons and daughters work unreasonably during vacation and after school. The parent who looks backward upon a generation more given to long toil than this, may the more easily commit this mistake and teach his children to hate the farm and rural life.

The effect
of deferred
or restricted
recreation.

The adult of little imagination is likely to forget another source of experiences in youth that may suggest to the country boy attitudes that later provide a basis for discontent in regard to rural life. The boy on the farm finds at times that his holiday and vacation are encroached upon by needed labor. Weather and harvest conditions rob him of the pleasures that his village chum enjoys. Some definite plan for an outing or some greatly desired day of sport has to be given up that the crop may not be injured. Doubtless parents allow these disappointments to happen with little reason, and looking at the matter from an adult point of view, do not regard the boys' feelings as of serious significance; and yet, in the light of modern psychology, we know that such experiences may build up a very significant hostility to the rural environment. . . .

The rôle of
advertising.

Modern advertising is itself a supreme illustration of effective suggestion, and its development has been for the most part in the hands of urban interests. Such advertising has forced rural people to contrast their manner of life with urban conditions, and often with the result of discontent. They are drawn to the city on special occasions by alluring city publicity manipulated with scientific skill by experts, and often return to their country homes dissatisfied because of false notions regarding the pleasures of the city. Of course this is more largely true of young people and they are more open to suggestion. . . .

The lure of
success in
the city.

Spectacular success is largely dependent upon urban conditions of life, and such success obtains public attention. Even in the country, the successes talked about are likely to be those made possible by

city life. These are given space in the magazines and daily papers edited and published in the cities, and so they naturally occupy the minds of rural readers of such periodicals. The young man who feels the attraction of such enterprise . . . receives a suggestion that invites him cityward. When a community is itself represented by some former resident in some spectacular success, it is certain that many young men will question their future on the farm in that locality. Thus . . . the career of a man of fame may continue to act as a tradition long after his death and still add to the rural migration. . . .

146. Buying farms with land-bank loans ¹

In brief, a solution of the rural problem requires that the country be made so attractive that people suited to rural life will be drawn toward, rather than repelled by it. One way of making rural life attractive is to render farming more profitable, and one way of rendering farming more profitable is to extend the farmer adequate credit facilities. In 1916 Congress passed the Federal Farm Loan Act, the aim of which was the improvement of the financial aspect of the farmers' life. In 1921 the United States Department of Agriculture issued a report which was based on the experience of 2,700 farmers who had borrowed money through the Federal Farm Loan Banks. The following is an extract from this report:

Making the farm attractive.

The Federal Farm Loan Act of 1916.

An analysis of 78 per cent of the total number of loans from the time of the organization of the Federal land banks to November 30, 1919, indicates that only 13 per cent of the amount thus loaned was for the purpose of purchasing farm land. It is probable, however, that even this small percentage represents an increase in the proportion of loans for this purpose. An analysis of about one-third of the loans made prior to November 30, 1918, indicates that only 8 per cent of the proceeds were used for buying farm land. If the proportion of loans is representative, within a year the proportion of the total number of outstanding loans made for buying farm land increased from 8 to 13 per cent. As this year was a period of rapid growth in the volume of business, the total amount of loans being

Only a small per cent of the amounts loaned were for the purpose of buying farm land.

¹ From the United States Department of Agriculture, *Bulletin* No. 968. "Buying Farms with Land-bank Loans." Washington, July 29, 1921; pp. 4-6, 8, 10-11.

nearly doubled, this increase appears to indicate a tendency toward the more extensive employment of the system as an aid in buying farm land. . . .

The landless farmer has received relatively little aid from the system.

By no means all of the loans made for buying farm land represent the borrowings of landless persons. . . . [Of a group of 2,054 borrowers who were studied,] almost exactly two-thirds of these borrowers owned land other than that which they were buying by the aid of the Federal farm-loan system, and only one-third belonged to the landless class. When one bears in mind that probably not more than 15 per cent of the loans made by the Federal land banks have been for the purpose of buying farm land; that only one-third of these borrowers were landless . . . ; and, finally, that the total loans of the Federal land banks probably represent only about 8 per cent of the entire farm-mortgage indebtedness of the United States, it will be clear that the direct aid afforded by the system to the landless farmer in the acquisition of land has been relatively small.

It should be noted, however, that it is a much larger proportion of the total new business. Moreover, not all landless farmers are persons who require unusually favorable credit facilities to aid them in buying farm land, for some landless farmers have wealth which may be used in buying land, and some landless persons who desire to buy farms are not farmers at all.

The hope for the future.

It is probable that the relative use made by landless farmers will increase as the possibilities of the Federal farm-loan system for financing the purchase of farms becomes better known among this class. The small proportion of the loans made to total mortgage indebtedness is largely owing to the newness of the system, and the rapid progress made in the past few years would seem to guarantee that its relative importance as a source of farm loans will be greatly increased in the future. . . .

A conclusion.

It appears that the Federal farm-loan system has demonstrated its possibility as an aid to the landless farmer in acquiring land. Further analysis of its use by borrowers indicates that it provides conditions considerably more convenient for the buyer who must finance a large part of the purchase price on credit than are afforded by the great majority of private agencies engaged in farm-mortgage business. This, however, does not imply that the system could not be further

modified so that it could be more readily employed in financing the purchase of farms by landless men of small capital. . . .

Objection is sometimes raised to the use of Federal farm loans on the ground of their initial cost. [Possibly the system could be improved in this regard, but it is also true that the inconvenience to the borrower could be decreased if the latter were to observe certain rules. For example,] the prospective purchaser of land who plans to buy with money, part of which he borrows from a Federal land bank, should give due consideration to the possibility of delay in the completion of negotiations for a loan. Cases have occurred in which prospective buyers have made deposits on land to secure a contract of sale, which contract they have forfeited because they were unable to complete the purchase, money which they depended upon Federal land banks to furnish being held up for one reason or another. Frequently, delay is due to failure to comply with the requirements of the Federal land banks regarding the title to property; but the possibility of delay for other reasons, such as the impracticability of the appraiser for the land bank promptly viewing the land, should be foreseen, and the contract of sale should be made to cover a sufficient time.

Some hints to individuals who intend to make use of the farm loan bank system.

147. The marketing of the farmer's produce¹

Of the economic problems which confront the farmer, none has a wider social significance than the effective marketing of his produce. It is commonly stated that "the farmer gets too little for his produce, while the ultimate consumer pays too much for it." Properly understood, this statement is true, and it is admitted on all sides that there is urgent need of a marketing system which will give the farmer more for his produce, and at the same time allow the consumer to secure such produce at a smaller cost and with less inconvenience than at present. In the following selection Mr. James E. Boyle discusses marketing from the farmer's point of view:

Social significance of the farmer's marketing problem.

1. *Production*. — [Recent market reports indicate a glut in the market of low-grade agricultural products, and a scarcity of high-

¹ From the *American Economic Review*. Vol. XI, No. 2. June, 1921. (James E. Boyle, "Marketing of Agricultural Products"); pp. 209-213.

The first step in marketing is producing a better product

grade agricultural products.] The first problem for the farmer, therefore, is not how to increase the crop yields, but how to produce more of the better grades, less of the poor grades. . . . The farmer ought to limit the output in the sense that he keep the poorer stuff at home and put the better stuff on the market. . . . For by glutting the market with poor-grade stuff the farmer spoils his own market and does not benefit the consumer. . . .

and putting on the market a graded, standardized product.

Grading is the second step in production. . . . Most farm commodities have no Federal grades or state grades or any other kind of grades. Here lies the first field for coöperative marketing by farmers, that they may put on the market a better product, graded and standardized. . . . In other words, they [must] imitate manufacturers of successful articles — have a brand to guarantee its integrity. When a good article, graded and standardized, is ready for market, the marketing problem is half solved. In no other way can sales f.o.b. be made. . . .

In many cases farmers should take hold of the storage question.

2. *Storage.* — Since most farm crops are produced only in the summer but are consumed during a large part of the year, these crops must be stored somewhere by somebody. [At present, most storage is taken care of by middlemen, who, of course, charge for this service. However, constructive marketing demands that the farmer] take hold of the storage question. In some sections this means construction at railway stations of local storage warehouses for potatoes, for hay, and for various other crops. . . . With many commodities farmers ought to go into the terminal market and own storage — enough storage at least to learn the storage business from the inside. . . . Summarizing, farmers should consider storage as part of their marketing program, and in case they are not adequately served they should devise ways and means of owning and operating more of their own storage.

Transportation and marketing reform.

3. *Transportation.* — Most farm crops are produced many miles from the place where they are consumed. . . . Transportation is the most expensive link in the marketing chain, from the time the product leaves the farm till it reaches the retailer's hands. [The great defect in our transportation system is bad country roads. This defect must be remedied] by coöperation in the widest sense of the term — coöperation of all the various interests, rural, urban, local, state, and

national, until good roads are secured for the average farmer. The question of developing rural motor express lines is one for the farmer to face and solve. Transportation by rail is so vital in its social significance as to be compared with the arteries in the human body. . . .

4. *Credit*. — Most farm crops are paid for in cash when taken by the dealer. But in most cases it is a matter of weeks or even months before these goods are passed on to the final consumer and paid for by him. [The middleman steps between producer and consumer and furnishes the credit needed at this point. But the farmer might be educated to perform this credit function.] He should be taught that somebody has to furnish credit to market his crops and must be paid for furnishing this credit; that wholesale credit is cheaper than retail credit; that modern banking machinery exists to furnish more and cheaper credit to the farmers . . . who have successfully taken the first two steps in marketing. . . .

The farmer might profitably make a larger use of credit in marketing.

5. *Merchandising*. — [Lastly, the farmer will get more for his goods if his position as a seller is strengthened.] Here is where the argument comes in for coöperative selling organizations among farmers. They are mobilized; they have power; they have a voice in marketing. . . . Being mobilized, . . . they are powerful bargainers, within the limits of the law of supply and demand. . . .

Importance of coöperative selling organizations.

148. The viewpoint of the farm woman ¹

In recent years we have heard much of the farmer's burdens, and of the necessity of lightening them. At least equally heavy, and certainly less in the public mind, are the burdens which have rested upon the farm woman. The position of the farm woman is improving, but the relative undesirability of her position is indicated by the fact that more young women than young men are leaving the rural districts for the cities. In 1920 the United States Department of Agriculture issued a report on the desirability of so arranging the work of the farm woman that she may secure for herself, her family, and the community the highest possible degree of health, happiness, and efficiency. The following extracts from this report indicate some of the points of view of farm women throughout the country:

The position of the farm woman, and the necessity of improving it.

¹ From the United States Department of Agriculture, *Department Circular* 148, "The Farm Woman's Problems." Washington, November, 1920; pp. 14-19.

The demand for normal living and working conditions.

Briefly stated, here are some of the points of view expressed:

Farm women love the country and do not want to give up its freedom for city life. What they do want is normal living and working conditions in the farm home. "The country offers greater opportunity for satisfying life than the city, and country women have as great capacity as city women for the enjoyment of life, but are more handicapped with routine which absorbs their time and strength."

Need of machinery.

Because of the shortage of help prevalent throughout the country, women consider it especially important that modern equipment and machinery, so far as possible, do the work which would otherwise fall to women. . . .

Unwillingness to defer enjoyment.

The farm woman does not wish to put up with an unsatisfactory to-day in the anticipation of something better to-morrow or in her old age, but wants a chance to enjoy to-day as the only possession she is sure of. She feels that she owes it to herself and her family to "keep informed, attractive, and in harmony with life as the years advance."

The need for leisure time.

Women realize that no amount of scientific arrangement or labor-saving appliances will of themselves make a home. It is the woman's personal presence, influence, and care that make the home. House-keeping is a business as practical as farming and with no romance in it; home-making is a sacred trust. "A woman wants time salvaged from housekeeping to create the right home atmosphere for her children, and to so enrich their home surroundings that they may gain their ideals of beauty and their tastes for books and music not from the shop windows, the movies, the billboards, or the jazz band, but from the home environment." . . .

The craving for time to give to the care of the children.

The farm woman knows that there is no one who can take her place as teacher and companion of her children during their early impressionable years and she craves more time for their care. She feels the need of making the farm home an inviting place for the young people of the family and their friends, and of promoting the recreational and educational advantages of the neighborhood in order to cope with the various forms of city allurements. . . . Farm women want to broaden their outlook and keep up with the advancement of their children "not by courses of study, but by bring-

ing progressive ideas, methods, and facilities into the everyday work and recreation of the home environment."

The farm woman feels her isolation from neighbors as well as from libraries and other means of keeping in touch with outside life. She counts her favorite farm paper or woman's magazine among her valued aids. She believes that farm women should come together more often in organized groups to learn from each other and to gain a mastery of their problems through united effort. "The farmer," she declares, "deals much with other men. The children form associates at school, but we, because of our narrow range of duties and distance from neighbors, form the habit of staying at home and, to a greater degree than is commonly supposed, feel the need for congenial companionship." . . .

Isolation bears heavily upon the farm woman.

The five outstanding problems [indicated in the study conducted by the Department of Agriculture] are:

The outstanding problems of the farm woman.

- (1) Shortening the working day of the average farm woman.
- (2) Lessening the amount of heavy manual labor she now performs.
- (3) Bringing about higher standards of comfort and beauty for the farm home.
- (4) Safeguarding the health of the farm family, and especially the health of the mother and growing child.
- (5) Developing and introducing money-yielding home industries where necessary in order to make needed home improvements.

149. The consolidated rural school ¹

Of great importance in the educational and social life of country people is the movement toward the consolidation of rural schools. "Consolidation of schools" is the term applied when two or more school districts are made into a single district, one school in one building replacing two or more small schools in several buildings. The two primary motives in the movement are, first the desire to secure better educational facilities, and second the desire to decrease the cost of education in the school district. Some of the advantages of the consolidation of rural schools are described in the following ex-

Nature and purpose of the movement to consolidate rural schools.

¹ From the United States Department of the Interior, Bureau of Education, *Bulletin*, 1914, No. 30. "Consolidation of Rural Schools," etc. Washington, 1914; pp. 60-61, 63-65, 68.

tract from a bulletin of the Bureau of Education in the United States Department of the Interior:

Consolidation facilitates the supervision of schools.

One of the great educational advantages of the consolidated school comes through the possibilities of increased supervision without additional expenses. . . . Outside of New England and New York the rural supervising officer is the county superintendent, and in only a comparatively few counties are assistant superintendents or supervisors employed. Under average conditions a county superintendent can not visit his schools more than once in a year, and then the visits must be short. In many counties it is a physical impossibility on account of the size of the counties, the poor roads, the number of schools, and the length of the term, for the superintendent to visit all schools each year. . . . Much of the superintendent's time is lost in traveling from one school to another. This time is saved with consolidation. . . .

The classification of pupils allowed by consolidation is beneficial.

In the ideal school, children are grouped in classes, each class containing as nearly as possible children of the same degree of advancement. In the ordinary one-teacher schools there are not enough children of the same degree of advancement to form classes large enough for the inspiration coming from class work and the friendly rivalry between pupils. . . . The class work in the class of from 1 to 5 children is not interesting. In classes of from 8 to 20 it is interesting. Boys and girls enjoy going to school more; they "do" better and they attend more regularly, because of their greater interest. Attendance at consolidated schools, even where transportation is not furnished, is as a rule better than at the old district schools. . . .

The advantage of the longer recitation periods made possible by consolidation.

The excessive time allotted to study in the rural school, in proportion to the time given to recitation, is one of the objectionable features of the school. Few rural schools have sufficient, proper, and profitable reading material to give to the pupils during this long period. Few pupils can spend profitably the time in study because in the short recitation period the teacher has no time to direct extensive study. . . . Consolidation of schools makes fewer classes to each teacher, and consequently makes longer recitation periods possible. . . .

The ordinary teacher in the one-room country school can teach little but reading, spelling, writing, arithmetic, geography, and a

little history, on account of the difficult conditions under which she is working. It is, however, very desirable that music, drawing, sanitation, manual training, household arts, and agriculture be taught, both for their general culture and their utilitarian values, and also for their value as vitalizing agents in the school curriculum. . . . [These additional subjects cannot be taught in the one-teacher school, but can be taught when consolidation provides] a school of three or more teachers. . . .

Consolidation allows more subjects to be taught.

"Possibly one of the greatest results accomplished by the consolidation of the rural schools is the establishment of the township high schools. Students who could not have entered a high school had they been compelled to leave home, attend these schools, and, in most cases, graduate from them. . . . [For example,] the great increase of students attending the high schools in Indiana in the last two years is due in great part to the work of consolidated schools." . . .

Consolidation and the rural high school.

The added value of the consolidated school over the small one-teacher school as a socializing agency can hardly be estimated. The larger school brings its pupils into contact with several teachers and a larger group of children than in the small school. . . . This contact with many children widens their visions and gives to them a breadth of view impossible in the small district. . . .

Socializing effects of consolidation.

One of the advantages of the consolidated school is the possibility of maintaining a stable teaching force. . . . A permanent teaching force is essential in making a school efficient and satisfactory. It is particularly desirable that a good principal be obtained . . . and retained as long as his work is satisfactory. [This can be done in the case of the consolidated school more often than in the case of the smaller school, for where schools have been consolidated it is possible to pay teachers larger salaries, while, in addition, the higher standards of the consolidated school are naturally attractive to high-grade teachers.]

Consolidation permits the improvement of the teaching force.

150. The development of community spirit in the country¹

The realization that there is need for a more wholesome social life among farmers has of recent years stimulated the development

¹ From the Wisconsin Country Life Conference, *Third Annual Report*. Madison, Wis., 1913; pp. 111-113, 115-118.

The school and the church as social centers in rural districts.

of community spirit in rural districts. The nucleus of rural social life is almost always either the school or the church. On the whole, the rural school is developing more rapidly than is the rural church, and in many sections social life has tended to develop around the school rather than about the church. The use of the rural school as a social center may be illustrated by the following account of the Mendota Beach schoolhouse in Dane County, Wis.:

The establishment of a schoolhouse

[Formerly there was no schoolhouse in this vicinity, *i.e.* the rural district between Madison and Middleton, Wis.,], and as recently as 1900 the state superintendent of public instruction was obliged to exercise the power given him by law and compel the organization of a school district, the engaging of a teacher, and the erection of a school building.

in a rural district in Wisconsin.

[When the schoolhouse was built and] opened for school purposes in 1901, children from the neighborhood twelve years old and over attended, who up to this time had had no schooling. Grown men of the neighborhood, unable to read or write the English language, although reared here from childhood, have told how they were too far from school to attend in the winter, and in summer they were needed on the farm. . . .

A Sunday School is organized and allowed to use the schoolhouse.

Newcomers in the neighborhood were insisting upon religious instruction for their children, and were asking why a Sunday School couldn't be opened in the schoolhouse. It was a new proposal and at first did not meet with favor. . . . [But at length better counsel prevailed, and] seventeen persons, many of them children, met at the schoolhouse on a Sunday afternoon and organized the Mendota Beach Sunday School. That first Sunday it was agreed, and the position has ever since been consistently adhered to, that the meetings should be strictly undenominational; that persons of any creed or no creed would be welcome; that the purpose of our gatherings would be to make us better neighbors and better citizens, and that we would make a study of the Bible to find in it whatever we could that would help us in this purpose. . . .

Changed viewpoint toward a wider use of the school plant.

At each annual school meeting the electors present vote on whether the schoolhouse shall be opened to the Sunday School and other community meetings. There was some hesitancy about authorizing these uses the first time the electors considered the question, but

at subsequent meetings the very objectors have declared that in their opinion the uses to which the schoolhouse has been put outside of school hours have been of larger value to the community than the regular school work.

At the time these meetings were started there were but one or two musical instruments in the whole community, almost no singing ability, and only one person who would attempt to play the organ at the meetings. A singing teacher was engaged from the city, and on Monday evenings for some twenty weeks the young people gathered at the schoolhouse and were taught to sing. To-day there is music in the day school, music at the Sunday School, and some musical instrument — violin, organ or piano — in nearly every home. . . .

Some effects of this changed viewpoint.

The school library had only some fifty volumes of children's books. A Library Association was organized two years ago and a "one hundred volume" State Traveling Library is now regularly to be found at the schoolhouse with the teacher as librarian. . . .

Library improvement.

The young people of the neighborhood have come forward as an active social force. They first learned to sing. Then they arranged for a series of open social and literary meetings at the schoolhouse. Programs have been arranged with music, declamation, and debate, and live topics have been discussed. The young people and even the grown-ups are beginning to feel confidence in themselves. "Woman Suffrage," "Advantages of Country Over City Living," "Good Roads," "The Silo," "Alfalfa," "How to Make the Hen Productive," are some of the subjects that have been discussed. . . .

The schoolhouse increasingly used for social purposes.

Farm tenants, farm owners, business and professional people from the city who have moved into the community, and artisans and laborers meet together on a common footing at the schoolhouse and get each other's viewpoint. . . . [The opening of the schoolhouse to community uses has had great value socially]. . . . The folks are all neighbors now. . . . They move together and have a sense of individual and community strength in the consciousness of sympathy and union.

Some results.

Questions on the foregoing Readings

1. What, in general, is the cause of the cityward drift?
2. Why does discontent with farming usually mean discontent with rural life?
3. Explain the effect of deferred or restricted recreation upon discontent with rural life.
4. How may advertising add to rural discontent?
5. What is the primary aim of the Federal Farm Loan Act?
6. What per cent of the amounts loaned under the act have been used for the purpose of buying farm land?
7. What are some of the rules which should be observed by persons intending to make use of the Federal Farm Loan Bank system?
8. What is the social significance of the problem of marketing farm produce?
9. What is the first step in marketing?
10. What should be the attitude of the farmer toward the storage question?
11. How can the farmer's transportation needs best be met?
12. How might farmers strengthen their position as sellers?
13. Compare young country men and young country women with regard to the tendency to move to the city.
14. Explain why the farm woman needs more leisure time.
15. Explain why isolation bears more heavily upon the farm woman than upon the men and children in rural districts.
16. What are the outstanding problems of the farm woman?
17. What is meant by the term "consolidation of rural schools"?
18. What are the two primary motives in the movement to consolidate rural schools?
19. How does consolidation allow of more adequate supervision of schools?
20. What is the advantage of consolidation from the standpoint of recitation periods?
21. How does consolidation permit the curriculum of the rural school to be enlarged?
22. Name two rural institutions around which social life may develop.
23. Describe the beginnings of a school in the rural district between Madison and Middleton, Wis.
24. What were some of the results following the use of the schoolhouse for community purposes?
25. What was the effect of this wider use of the schoolhouse upon the development of sympathy and coöperation in the community?

CHAPTER XXVI.

EDUCATION

151. Standardization of schools within the state ¹

Occasionally it is suggested that all of our educational facilities ought to be so standardized and coördinated as to form one great system. At the present time, most authorities oppose this suggestion; on the other hand, there is a general feeling that it is desirable to bring all of the educational facilities of a single state under some sort of centralized control. There are a number of states in which the reorganization and centralization of the schools is a problem of immediate interest. At the request of the Arizona School Officials' Association, the United States Bureau of Education in 1916 conducted an educational survey of Arizona. The following is the Bureau's summary of recommendations relating to public elementary and secondary schools in that state:

1. *Centralization of the state school system, placing the responsibility of the administration of the public-school system definitely upon the state board of education and the state department of education working in coöperation with the county boards of education and school-district trustees.*

The state should exercise a sufficient degree of administrative control to assure that schools are maintained wherever needed and that all schools are efficient. This can be done best through the following organization:

1. For the state, a state board of education and a state department of education, the state superintendent of public instruction being the executive officer of the state board and the actual head of the department.

The movement toward the standardization of educational facilities within the state.

An educational survey of Arizona.

Centralization of the state school system recommended.

¹ From the United States Department of the Interior, Bureau of Education. *Bulletin*, 1917, No. 44. "Educational Conditions in Arizona." Washington, 1918; pp. 158-162.

2. For each county, a county board of education to assume general control over the schools in the county, with the county superintendent as its executive officer.

3. For each local district, urban and rural, a local board of trustees. . . .

State board
of education
to be reor-
ganized.

2. *Reorganization of the state board of education conferring upon it enlarged powers. . . .*

3. *Provision for a nonpolitical state superintendent who shall be the head of an enlarged and more effective state department of education. . . .*

4. *Provision for county control of county school funds through county boards of education and nonpolitical county superintendents. . . .*

Distribution
of the
state school
fund.

5. *Reorganization of the method of apportioning state funds on a basis which recognizes county and local effort. . . .*

[In the distribution of the state school fund,] each county should receive a fixed sum for every teacher employed in public elementary and secondary schools, the remainder of the state school fund being apportioned to the counties on the basis of the aggregate attendance. . . .

Higher
standards
for teachers.

6. *Requirement of a higher standard of general and professional education for teachers. . . .* The state should require that all new teachers employed after a certain date should have general education not less than the equivalent of a four-year, standard, high-school course and a stated amount of professional work in education, consisting of classroom instruction in a recognized institution for training teachers. . . .

Rearranged
courses of
study.

8. *Rearranged courses of study especially to meet the conditions in one-teacher schools.*

The state course of study should be arranged in such a way as to make it adaptable to one-teacher schools, to two-teacher schools and to schools with three or more teachers. The course should be gradually revised to make it fit more closely the conditions peculiar to the state. . . .

152. Financing the school system¹

2

It has always been more or less difficult to secure the funds necessary to equip and maintain our schools. In recent years this difficulty has been increased by two factors. In the first place, the cost of materials, equipment, and teachers has increased; in the second place, the rapid increase in the number of school activities has necessitated larger and larger sums of money. The adequate support of the schools is thus a problem of pressing importance. Some of the aspects of this problem may be illustrated from the following summary of a survey of the public schools of the city of Columbia, South Carolina, issued by the United States Bureau of Education in 1918:

1. The public school system of Columbia was organized in 1883 only after a hard struggle to overcome those who protested against "taxing one man's property to educate another man's child."

2. For 15 years after the organization of the system no provision was made for the erection of school buildings. No adequate building program was undertaken until 1905. The bonded indebtedness for buildings for school purposes now reaches but \$273,000.

3. Tax levies for school maintenance have been begrudgingly allowed.

4. Of the 213 cities of the United States having a population of 30,000 or more, Columbia stands third from the bottom in the proportion of the total annual expenditure of the city which goes to the support of the schools. Her proportionate school expenditure would have to be increased one-half to bring her up to the average of the cities of this country. . . .

6. If Columbia *doubled* her school maintenance and then added to this \$3 per pupil she would just reach the average per pupil in average daily attendance expended by 1,233 cities of the United States having a population of 5,000 or more. She will have to increase her expenditure by 42 per cent to reach the average expended per pupil in average daily attendance by the cities of the South Atlantic States having a population of 5,000 or more.

Why the problem of financing the schools is increasingly important.

The public school system of Columbia, South Carolina.

Columbia spends relatively little on her schools.

A comparison.

¹ From the United States Department of the Interior, Bureau of Education. *Bulletin*, 1918, No. 28. "The Public Schools of Columbia, South Carolina." Washington, 1918; pp. 28-30.

The tax rate is low, and

the city is rich.

A campaign for more funds is recommended.

Methods of carrying on the campaign.

Conclusion.

7. The true general tax rate of Columbia for all purposes is very low; excepting three it has the lowest true tax rate of the cities of the United States which have a population of 30,000 or over.

8. Columbia is one of the twelve richest cities of the United States, having an estimated property value of \$1,836 per capita of population.

9. The school commissioners should take the initiative in informing the public in forceful ways of the needs of the schools, and of the service they are rendering, in order that adequate maintenance may be secured. . . .

[It is not enough formally to request an advance in the tax rate.] Those responsible must first present their case to the people who make up the community. . . .

The established method of winning the active attention of a community is that of publicity, and no opportunity for informing the people about their schools — their aims, their work, their cost, their problems — should ever be let go by. Through the columns of the local press, through bulletins issued on special phases of school work, through talks before civic bodies on matters pertaining to education, through exhibits of pupils' work which will arouse the collective interest and pride of the parents, through the medium of the parent-teachers' associations, and in many other ways easily discoverable, there can be kept up a constant process of dissemination of news about the schools.

Furthermore, it must not be overlooked that the parents of the children who are in school are the people who make up the community group and who determine what tax-levying bodies shall do. It ought not to be a difficult matter to convince the parents of the educational needs of their children, nor of the value of what the schools are doing, nor of the necessity for concerted action to secure relief. . . .

153. Compulsory school attendance ¹

For many years one of the problems confronting the school authorities has had to do with the attendance at school of children

¹ From the United States Department of the Interior, Bureau of Education. *Bulletin*, 1914, No. 2. "Compulsory School Attendance." Washington, 1914; pp. 12, 16-17, 20, 22-24.

of school age. As late as 1890 only twenty-seven states had compulsory attendance laws, though by 1914 forty-three states had enacted this type of legislation. The enactment of such legislation has met with considerable opposition in some states, and in numerous cases the laws passed are defective. Some of the phases of the school attendance problem are outlined in the following extract from a report of the United States Bureau of Education:

Notwithstanding the fact that most states have enacted compulsory attendance laws, many of them fail to enroll all the children coming within the provision of the law and to secure regular attendance on the part of those enrolled. This, however, does not mean that compulsory attendance is a failure, as those states that have such laws enroll a greater percentage of children and have a higher average of attendance than those states that have no such laws. Cities that have recently made trial for the first time of compelling attendance report excellent results. . . .

One of the most difficult problems to solve in enforcing the compulsory attendance laws is that of compelling children from poverty-stricken homes to attend school. . . . To compel the attendance of children of parents who are too poor to keep them in school, some states have taken decided steps. In Michigan if a parent can not support a child of compulsory school age, the board of education may grant such relief as will enable the child to attend school during the entire school year, not more than \$3 a week to be paid a family for one child, nor more than \$6 a week for the children of any one family. . . . All cases must necessarily be thoroughly investigated. In Cincinnati the board of education has made arrangements with the local associated charities to have all cases reported by truant officers investigated by the trained social workers of that organization. Relief is afforded only when recommended by them. . . .

To enroll children of compulsory school age is but the first step in enforcing compulsory-attendance laws; the next step is to secure regular attendance. . . . If pupils are to be promoted promptly and regularly, and if the schools are to reach their full measure of efficiency, the school officials must not only enroll all the children of compulsory school age, but must also secure regular attendance

Development of compulsory school attendance laws.

Attendance.

The question of compelling the attendance of the children of poor parents.

Securing regular attendance.

for the whole term. [This is so because the more irregular the attendance of the pupil, the slower the rate of promotion.] . . .

Need for
officials
charged
with the
enforcement
of the law.

It is obvious that no law can be enforced without proper officials charged with its enforcement. . . . State agents are undoubtedly of great assistance in the proper enforcement of the attendance law. At present in most states the state department has no direct way of knowing whether more than a perfunctory attempt has been made to carry out the provisions of the law. . . .

Determining
the proper
age limit.

One other problem difficult to solve in the enactment of compulsory attendance laws is that of determining the proper age limits. The tendency at present is to make 14 or 15 years the age at which a child may withdraw from school, provided he has certain educational attainments. The standard is low in most states, only a few requiring so much as the completion of the fifth grade. The tendency, however, is to strengthen the required educational qualifications regardless of age limit. . . .

Summary.

[In summary, the most important factors in the enforcement of the compulsory school attendance laws are as follows:]

1. An annual school census taken by the school authorities of the city or district.
2. Prompt reports by teachers of public and private schools of all absentees not legally excused.
3. Properly qualified attendance officers, who give all their time and attention to the enforcement of the law, and also school visitors in cities having a large foreign or Negro population.
4. State agents to see that the laws are enforced.
5. Special schools for truants and pupils irregular in attendance.
6. Relief for indigent parents having children of compulsory age.
7. A definite annual period of attendance.
8. Well-enforced child-labor laws.
9. Employment certificates made to employer and not to be used by child when seeking a new position.
10. Proper penalties on all concerned in the enforcement of the law.

154. Problems in vocational education ¹

Vocational education in schools is a comparatively recent development, involving a large number of unsolved problems. Some of the questions raised by the vocational education movement have been formulated by the United States Bureau of Education as follows:

Problem 1. To what extent do studies designed for liberal education "function" [*i.e.* realize their intended ends] as to their content in various fields of vocational training? For example, do Latin, ancient history, and algebra "function" at all in the training of the physician for his vocation? Do mechanical drawing and science "function" in the making of the bookkeeper? Does the study of music and art make any recognizable contribution toward the efficiency, on the vocational side, of the machinist, the farmer, or the cook?

Problem 2. To what extent is it expedient and desirable that the beginnings of systematic vocational education shall be postponed until after a definite degree of general or liberal education has been attained? For example, if we assume that pupils are required to attend school until 14 years of age, is it expedient or desirable that from 12 to 14 a program consisting in part of vocational and in part of liberal education shall be made available?

Problem 3. To what extent and under what conditions do the results in skill, knowledge, appreciation, and ideals (or of practical experience in general) in one occupational field constitute an asset for entrance into another? To what extent can [these results] be utilized as a basis for systematic training toward another occupational field?

[For example]: (a) To what extent does expertness in running constitute an asset in learning to swim? (b) To what extent can a thoroughgoing education in the practice of medicine be utilized when the doctor wishes to become a farmer? (c) How far can professional competency as a bookkeeper be regarded as an asset when

Status of vocational education.

Relation of general or liberal to vocational education.

When should vocational education begin?

The problem of transferring the results of vocational education.

Some examples.

¹ From the United States Department of the Interior, Bureau of Education. *Bulletin*, 1916, No. 21. "Vocational Secondary Education." Washington, 1916; pp. 143-144, 146, 151-153.

the bookkeeper wishes to become a machinist? (d) If a man has been well trained as a machinist, to what extent can such training be drawn upon in equipping him to be a house carpenter? . . .

Problem of
dividing
attention
between
technical
and practi-
cal training.

Problem 5. What, at any given stage of vocational training for the industrial occupations, should be the proportion of time and energy of the pupil given, respectively, to technical instruction and to practical training? Extreme and opposed examples of the problem under consideration are the following: In the making of a machinist, a boy beginning at the age of 14 might devote his first two years very largely to such technical studies as drawing, mathematics . . . and . . . give a minimum amount of attention to productive shopwork of a thoroughly practical nature. Between his sixteenth and eighteenth years the proportion of time given to his shopwork might be very greatly increased, with a diminution of the amount of attention given to technical work. On the other hand, a program of training might be devised by which during the first year he might give from 60 to 80 per cent of his time to productive shopwork, with relatively only a small amount of technical instruction related to it. In his later years the proportion of time given to shopwork might be diminished, and the proportion of time given to technical instruction might be greatly increased. . . .

At what
age should
home-making
education
begin?

Problem 6. At what age is efficient homemaking education most practicable? It is quite probable that there must be differentiation of groups for homemaking education, according to age as affected by the occupations followed. For example, it may be doubted whether girls who from 14 to 21 years of age will be wage-earners in occupations not related to the home, and who will be living either at home as boarders or in boarding houses, can efficiently respond to vocational homemaking education until somewhat late in their wage-earning careers. . . . In the case of girls not contemplating wage-earning careers, but who design to remain at home, systematic vocational education might well take place during the high-school period. . . .

155. Wider use of the school plant ¹

Formerly our public schoolhouses were open only during the conventional school term, and for children of legal school age. Since the beginning of the present century, however, there has been a growing use of the school plant for community activities. This wider use of the school plant has increased the variety and scope of educational activities, and has greatly enlarged the number of individuals who come under educational influences. Some phases of this movement are treated in the following extract from a report of the United States Bureau of Education:

[To what type of social activities has the wider use of the school plant movement given rise?] The three most prevalent activities are some form of athletics, clubs for young people, and lectures, while the least common, as would have been expected, are the civic and the general social occasions. A school which is the scene of frequent mass meetings, banquets, and neighborhood parties has reached a completeness of socialization that is as yet not so very common. Athletics, club-work, and rooms for reading or quiet games are regular activities in 90 or more per cent of the cases reported. . . . Lectures and entertainments, while . . . [prevalent], do not stand so high in regularity, because of their popularity in schools whose extension activity is still in its early and rather miscellaneous stage. Games and clubs are naturally not started until a series of meetings or events can be arranged. The high degree of regularity attained by social dancing indicates that it [occupies a strong position in the extension movement.] . . .

The length of the school extension season in the different cities varies greatly. In a few it lasts throughout the year; in a small number, October and April mark its limits; in many places it does not get well under way until some time in November, and gradually tapers off in March. . . .

Brief mention only can be made of the growth in activities in public schoolhouses during the interval between the afternoon dis-

The beginnings of the wider use of the school plant movement.

Types of activity which figure in the movement.

The school extension season.

¹ From the United States Department of the Interior, Bureau of Education. *Bulletin*, 1915, No. 28. "The Extension of Public Education." Washington, 1915; pp. 41-42, 49, 51-52.

Wider use
of the
school plant
before
6 P.M.

missal of classes and nightfall. In high schools this has long been a favorite period for meetings of student societies and athletic contests both in and out of doors, and now a similar practice has got under way in the elementary schools. . . . For example, in Grand Rapids, Mich., parochial classes in domestic science use the public schools on certain afternoons from 4 to 6 o'clock, and three times a week the parents' council meets at 3:30 P.M. In Evanston, Ill., a children's class in gymnastic dancing supported by membership fees, a children's orchestra, the room basketball teams, and several other pupil organizations keep school buildings open after the ordinary closing time. These are samples only of the miscellaneous afternoon occasions which are developing spontaneously in the schoolhouses of many cities. . . .

Letting reg-
ulations.

The marked increase of late years in miscellaneous evening occasions in school buildings is largely due to the new spirit which has appeared in school letting rules. It does not pervade all of them, but each year sees an extension of its vogue. It is well expressed in the following regulations (published March, 1914) recently adopted by the Joliet (Ill.) Board of Education:

Generous
attitude of
the Joliet
(Ill.) Board
of Educa-
tion.

In order that the public school plant may serve a wider community use, the board of school inspectors will bear the expense of lighting, heat, and janitor service when the school is used for the following purposes:

(1) Adult clubs or organizations for the discussion of educational, civic, and community problems.

(2) Public lectures, entertainments, or indoor recreational or educational activities.

(3) Club work among young people — literary, musical, dramatic, social — under supervision arranged by the school authorities.

(4) Political discussions may be permitted when announced in advance, and equal opportunity given for presentation of both sides of the question, in accord with the American spirit of fair play. . . .

Activities
which the
Board will
favor and
partially
support.

156. The money value of education ¹

The most valuable result of right education is the broadening, deepening, and refining of human life. This result can no more be measured by dollars and cents than can truth, self-sacrifice, and love; nevertheless, the material and measurable rewards of education should be made plain to those who are either inclined or obliged to judge an educational system in terms of money return. Anything which will show that education promotes industrial efficiency and increases material wealth will help to secure the support of certain types of taxpayers and numerous classes of pupils. In the following extract the United States Bureau of Education discusses the money value of education:

Education is not measurable by dollars and cents, but it is nevertheless important to point out its money value.

An investigation of the educational advantages enjoyed by the 8,000 persons mentioned in *Who's Who in America*, for the years 1899-1900, brought out the following facts: Out of the nearly five million uneducated men and women in America, only 31 have been sufficiently successful in any kind of work to obtain a place among the 8,000 leaders catalogued in this book. Out of 33,000,000 people with as much as a common-school education, 808 were able to win a place in the list, while out of only 2,000,000 with high-school training, 1,245 have manifested this marked efficiency, and out of 1,000,000 with college or university training, 5,768 have merited this distinction. . . .

Who's Who in America.

In interpreting the results of this study, as in the interpretation of all of the following comparative studies of those who have education with those who do not have it, let it be understood that the remarkable superiority of the educated must not be attributed entirely to their education. Those who receive education are a selected lot to begin with. Their parents were, as a rule, persons of more than average efficiency, and hence were able to keep their children in school; they were more intelligent than the average, and therefore induced or required their children to remain in school. The child himself probably had more than average ability, else he would

Despite modifying influences, the success of the individual depends largely upon education.

¹ From the United States Department of the Interior, Bureau of Education. *Bulletin*, 1917, No. 22. "The Money Value of Education." Washington, 1917; pp. 15, 17, 23, 31-33.

have wearied of the intellectual labor of the school and would have left it early. . . . Other influences also doubtless modify the result; but after due allowance for all these factors is made there remains still a large margin of superior efficiency on the part of the educated that one must credit to education. . . .

The educated man fails less often than does his uneducated fellow.

[A study conducted by H. J. Hapgood] brought out especially the large per cent of successes among college-bred men in responsible, high-salaried positions, and the comparatively small per cent of successes on the part of the non-college-bred men. He says: "A notable instance of the value of college men is furnished by the Western Electric Co., which began employing college men about ten years ago, and has found that 90 per cent of them make good, as compared with 10 per cent of the men who enter business on leaving the high or grammar school. . . ."

Every day at school worth nine dollars.

[Studies conducted in Springfield (Mass.), and Brooklyn,] represent a fair average of what may be expected as a result of a good school system. . . . The life expectancy of the average high-school boy is more than 40 years. If we [assume, as statistics show that we have a right to assume, an] average annual salary of \$1,000 for a period of 40 years, and compare it with the illiterate laborer's salary of \$500 per year for the same length of time, we can see how richly the child and the community are repaid for each day the child attends school.

\$1,000 for 40 years equals.....	\$40,000
\$500 for 40 years equals.....	20,000
	<hr/>
Difference.....	\$20,000

Twelve years of 180 days each, or a total of 2,160 days of school, bring the child, therefore, an added life income of \$20,000, or a return of between nine and ten dollars for each day spent in school. . . .

Questions on the foregoing Readings

1. What, at present, is the attitude of most authorities toward the question of standardizing all of the educational facilities of the nation?
2. What were the recommendations of the U. S. Bureau of Education

with regard to the centralization of the state school system in Arizona?

3. Outline the recommendations of the Bureau with respect to higher standards for teachers in Arizona.
4. Why is the problem of financing the schools increasingly important?
5. Compare the amounts spent on the schools of Columbia, South Carolina, with the amounts expended for this purpose in other cities.
6. What are some elements in a campaign to secure more adequate financial support of the schools?
7. Why ought it not to be difficult to secure this support?
8. How many states had compulsory attendance laws by 1914?
9. Discuss the problem of securing the school attendance of the children of poor parents.
10. What is the importance of state agents charged with the enforcement of the school attendance laws?
11. What is the present tendency with regard to setting the age limits in compulsory attendance laws?
12. Summarize the important factors in the enforcement of compulsory school attendance laws.
13. Give an example of a problem which may arise in connection with the relation of general or liberal to vocational education.
14. What problem arises in connection with the time at which vocational education should be begun?
15. Give some examples of problems which arise in connection with the transference of the results of vocational education.
16. Illustrate the difficulty of dividing the pupil's time and energy between technical and practical training.
17. At what age should home-making education be begun?
18. Name some activities which figure prominently in the wider use of the school plant movement.
19. Give an example of the wider use of the school plant between the dismissal of afternoon classes and nightfall.
20. Summarize the attitude of the Joliet (Ill.) Board of Education toward the wider use of the school plant.
21. Why is it important to point out the money value of education?
22. What did a study of *Who's Who in America* reveal as to the value of education?
23. Illustrate the statement that "the educated man fails less often" than the uneducated.
24. What were the results, so far as the money value of education is concerned, of the studies conducted in Springfield (Mass.) and Brooklyn?

PART IV — AMERICAN POLITICAL PROBLEMS

a. SOME ECONOMIC FUNCTIONS OF GOVERNMENT

CHAPTER XXVII

PUBLIC INTEREST IN BUSINESS: REGULATION

157. An example of industrial combination ¹

Rapid development of the corporate form of business organization.

One of the most spectacular chapters in the history of industry deals with the origin and development of those business organizations which are popularly known as trusts. Formerly most businesses were carried on either by individuals or by a small number of partners; within the last half century there has been so steady a development of corporate organization that to-day the great corporation is the dominant form of business organization. In the following selection Professor Chester W. Wright illustrates the development of "big business" by tracing the history of the United States Steel Corporation:

The beginnings of what later developed into the U.S. Steel Corporation.

In the year 1858 one Andrew Kloman and his brother started a small iron forge at Allegheny, Pa. Their plant was worth about \$5,000. They made a reputation for putting out good and reliable products, particularly axles for railroads, and the business prospered. . . . During the Civil War the demand for iron was enormously increased and the iron and steel industry grew rapidly and was very prosperous. [In 1863 Andrew Carnegie bought an interest in the business, and] in 1865 this partnership was consolidated with another in which Carnegie also had an interest, and took the name of the Union Iron Mills Co. . . .

The business, originally small, grows rapidly after the Civil War.

The Union Iron Mills consumed large quantities of pig iron, and the owners decided that they could obtain it at less cost if they made their own pig iron instead of buying it. In 1870 a group of them organized a separate company and erected the Lucy blast furnace

¹ From the United States Department of the Interior, Bureau of Education, *Lessons in Community and National Life*. Washington, 1918. Series A; pp. 209-212, 217-218.

to smelt ore and make pig iron. . . . In 1874 a number of men connected with the Union Iron Mills and some others who were interested in railroads organized the Edgar Thomson Steel Co., and a very efficient big plant was erected for the manufacture of steel rails. . . .

Another step toward integration and the further harmonizing of interests was taken in 1881 when the Thomson steel works, the Lucy furnaces, the Union Iron Mills, and some coke properties, together with \$1,000,000 new capital, were all combined into one firm with a capital of \$5,000,000. Mr. Carnegie, who had on various previous occasions acquired the interests of some of his partners in these concerns, owned a little more than half of the stock of this company and it was known as Carnegie Bros. & Co. (Ltd.). A further important move toward integration was made the following year when the Carnegie interests purchased a large amount of stock in the Frick Coke Co., which was the dominant owner of coal lands and coke ovens in the Connellsville district, whence came the best coking coal used in smelting iron ore.

Further growth and combination, in which Mr. Carnegie figures prominently.

In 1881 some competitors of the Carnegie Co. opened a big plant at Homestead for the manufacture of steel ingots, billets, and rails, but they met with financial difficulties and two years later sold out to the Carnegie interests. . . . In 1890 another threatening rival was eliminated when the newly erected Duquesne steel works were purchased. In 1892 the various Carnegie interests were again consolidated in the Carnegie Steel Co. (Ltd.), with a capital of \$25,000,000. . . .

The elimination of competitors.

There were also organized during these years, . . . the Federal Steel Co. . . . and the National Steel Co. . . . Both of these steel companies were combinations of other companies and both were competitors of the Carnegie Steel Co. Seeing dangers of competition ahead, the Carnegie companies threatened low prices and the loss of big profits which prosperity seemed to promise. Moreover, the bankers and promoters who still held a large amount of stock in the new combinations were anxious to sell their stocks to the public, and they knew that if a competitive war broke out in the steel business the value of these stocks would fall and the public would hesitate to buy. This furnished an added reason for trying to harmonize the conflicting interests.

The development of new competitors

leads to the organization of the U.S. Steel Corporation.

It was under these circumstances that a meeting of the leading men in the steel industry was called, and in 1901 under the leadership of Mr. J. P. Morgan the plan to consolidate all of these concerns and small combinations in one gigantic company to be called the United States Steel Corporation, with a capitalization of about \$1,400,000,000, was carried through. The Steel Corporation as then organized owned 149 steel works of various kinds, vast ore, coal, gas, and limestone properties, over 1,000 miles of railroad, and over 100 vessels on the Great Lakes. It at that time controlled about two-thirds of the country's total output of steel ingots, billets, rails, castings, nails, plates, structural shapes, and sheet steel, and about three-quarters of the output of wire rods and tin plate. . . .

158. A typical trust agreement ¹

The concentration of power due to industrial integration.

From the standpoint of the public welfare, a significant element in the development of great business concerns has been the concentration of power. An early method of securing this concentration of power was for a number of concerns to enter a specific agreement which allowed all of their combined resources to be directed as a unit. The most famous of agreements of this kind was the "trust" device, first used by the Standard Oil Company, in 1882. Some of the significant elements in this original trust agreement are given below:

In 1882 a number of oil companies enter an agreement

This agreement [is] made and entered upon this second day of January, A.D. 1882, by and between [more than a dozen oil companies, as well as numerous designated individuals.] . . .

II. The parties hereto do covenant and agree to and with each other, each in consideration of the mutual covenants and agreements of the others, as follows:

to form a limited number of corporations
to carry on the oil business.

(1) As soon as practicable a corporation shall be formed in each of the following states, under the laws thereof, to-wit: Ohio, New York, Pennsylvania and New Jersey; . . .

(2) The purposes and powers of said corporations shall be to mine for, produce, manufacture, refine, and deal in petroleum and all

¹ From the United States Industrial Commission, *Preliminary Report on Trusts and Industrial Combinations*. Washington, 1900. Vol. I, pp. 1221-1225.

its products, and all the materials used in such business, and transact other business collateral thereto. . . .

(7) All of the property, real and personal, assets, and business of each and all of the [combining] corporations and limited partnerships . . . shall be transferred to and vested in the said several Standard Oil Companies. All of the property, assets, and business in or of each particular state shall be transferred to and vested in the Standard Oil Co. of that particular state. . . .

They are to transfer their property to the corporation in their state

(10) The consideration for the transfer and conveyance of the money, property, and business aforesaid to each or any of the Standard Oil Companies shall be stock of the respective Standard Oil Company to which said transfer or conveyance is made, equal at par value to the appraised value of the money, property, and business so transferred. . . .

and receive in exchange stock in the said corporation.

III. The trusts upon which said stocks shall be held, and the number, powers, and duties of said trustees, shall be as follows:

The combining businesses to be controlled by nine trustees

(1) The number of trustees shall be nine. [Here follow their names, the first mentioned being J. D. Rockefeller.] . . .

(11) The trustees shall prepare certificates, which shall show the interest of each beneficiary in said trust, and deliver them to the persons properly entitled thereto. They shall be divided into shares of the par value of \$100 each, and shall be known as "Standard Oil Trust Certificates," and shall be issued subject to all the terms and conditions of this agreement. The trustees shall have power to agree upon and direct the form and contents of said certificates, and the mode in which they shall be signed, attested, and transferred. . . .

who shall hold the stock of the combined businesses, and issue to the stockholders trust certificates

(14) It shall be the duty of said trustees to receive and safely to keep all interest and dividends declared and paid upon any of the said bonds, stocks, and moneys held by them in trust, and to distribute all moneys received from such sources or from sales of trust property or otherwise by declaring and paying dividends upon the Standard Trust Certificates as funds accumulate, which in their judgment are not needed for the uses and expenses of said trust. . . .

on which the stockholders are to receive dividends.

(15) It shall be the duty of said trustees to exercise general supervision over the affairs of said several Standard Oil Companies, and as far as practicable over the other companies or partnerships,

The trustees to manage and direct the combined businesses.

any portion of whose stock is held in said trust. It shall be their duty as stockholders of said companies to elect as directors and officers thereof faithful and competent men. They may elect themselves to such positions as they see fit so to do, and shall endeavor to have the affairs of said companies managed and directed in the manner they may deem most conducive to the best interests to the holders of said trust certificates. . . .

159. Abuse of power by the trust ¹

A chief objection to the trust is that it tends to abuse its power.

Economists are accustomed to say that up to a certain point integration in industry may result in numerous economies. When businesses combine, some of the wastes of competition are avoided. Often combination means more effective management. Up to a certain point, too, it is often true that the product can be manufactured more cheaply. The trouble, however, has been that very often these advantages have been outweighed, from the point of view of the public at least, by certain evils of trust development. Of these evils, the chief is the tendency of the trust to abuse its power. For example, the trust may attempt to further its own interests at the expense of competing businesses, and at the expense of the public. Illustrative of the evil practices of the trust are the following extracts from the indictment of the National Cash Register Company in the case of *United States v. Patterson et al.*:

The charge against the National Cash Register Company: Attempts to learn the secrets of competitors

[The program of the National Cash Register Company included the following items]:

1. The inducing, hiring, and bribing of employees and ex-employees of [competitors] . . . deceitfully and wrongfully to disclose to said the National Cash Register Company the secrets of the business of the concerns by which they were respectively employed, or had been employed. . . .

2. The inducing, hiring, and bribing of employees of carters, truckmen, express companies, railroad common carriers, telegraph companies, and telephone companies, wrongfully and unlawfully to disclose to said the National Cash Register Company the se-

¹ From the *United States v. Patterson et al.* District Court, S. D., Ohio. W. D. June 26, 1912.

crets . . . pertaining to the carriage and transportation of cash registers for such competitors. . . .

3. The instructing and requiring all sales agents of said the National Cash Register Company to ascertain and report . . . all facts and details pertaining to the business and activities of said competitors. . . .

4. The using of the influence of said the National Cash Register Company and of its agents with, and the making of unwarranted and false statements to, banking and other institutions, to injure the credit of said competitors and prevent their securing accommodations of money, credit, and supplies convenient and necessary to the carrying on of their business;

and to injure the credit of those competitors.

5. The instructing and requiring of all sales agents of said the National Cash Register Company to interfere with, obstruct, and prevent in every way possible sales of such competitive cash registers by said competitors. . . .

Interference with the sales of competitors.

6. The making, in some cases, by said the National Cash Register Company, to such competitors, and to purchasers and prospective purchasers of such competitive cash registers, of threats to begin suits in the courts against them for infringing and for having infringed its patent rights pertaining to its genuine cash registers, when as said defendants each well knew, no such patent rights existed, and no such suits were contemplated or would really be begun, and such threats were made merely to harass such competitors, purchasers, and prospective purchasers. . . .

Use of threats,

8. The organizing of cash-register manufacturing concerns and cash-register sales concerns, and the maintaining of them, ostensibly as competitors of said the National Cash Register Company, but in fact as convenient instruments for use in gaining the confidence and obtaining the secrets of said real competitors of said the National Cash Register Company. . . .

and bogus concerns.

9. The inducing, by offers of much greater compensation than they were receiving from said competitors, respectively, agents and servants of said competitors . . . to leave the employment of said competitors . . . to enter the employment of . . . said National Cash Register Company; and this principally for the purpose of embarrassing said competitors. . . .

Winning away the employees of competitors.

Attacking
the patent
rights of
competitors.

10. By applying . . . for letters patent of the United States, in some cases upon the cash registers of said competitors and in other cases upon improvements upon such competitive cash registers, and this merely for the purpose of harassing such competitors by interference proceedings and suits and threats to institute such proceedings and suits; and

Encourage-
ment of
other tac-
tics of an
unfair and
unlawful
nature.

11. The using of, or originating and using of, and the instructing and requiring of such agents and sales agents of said the National Cash Register Company to use or to originate and use, such other unfair, oppressive, tortious, illegal, and unlawful means, unlawfully, wrongfully, and irresistibly excluding other concerns beside said the National Cash Register Company from engaging in said inter-state trade and commerce, as might at any time become, or appear . . . convenient. . . .

160. The Sherman Anti-trust Act of 1890 ¹

Evils of
trust devel-
opment give
rise to anti-
trust legis-
lation.

Though it did not begin until about 1880, trust development proceeded so rapidly that within a few years the trust device had been adopted in a considerable number of important industries. Very soon the unfair practices of the trusts gave rise to a demand for restrictive legislation. One result of this demand was the enactment by Congress of the Sherman Anti-trust Act of 1890. Practically the full text of this important measure follows:

In 1890 the
Sherman
Anti-trust
Act de-
clared
illegal all
combina-
tions in
restraint of
trade.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SEC. 1. Every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several states, or with foreign nations, is hereby declared to be illegal. Every person who shall make any such contract or engage in any such combination or conspiracy shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be punished by fine not exceeding five thousand dollars, or by imprisonment not exceeding one year, or by both said punishments, in the discretion of the court.

¹ From the *Statutes of the United States, The Federal Anti-trust Law*. July 2, 1890.

SEC. 2. Every person who shall monopolize, or attempt to monopolize, or combine or conspire with any other person or persons, to monopolize any part of the trade or commerce among the several states, or with foreign nations, shall be deemed guilty of a misdemeanor, and on conviction thereof, shall be punished by fine not exceeding five thousand dollars, or by imprisonment not exceeding one year, or by both said punishments, in the discretion of the court.

Monopoly
forbidden.

SEC. 3. Every contract, combination in form of trust or otherwise, or conspiracy, in restraint of trade or commerce in any territory of the United States or of the District of Columbia, or in restraint of trade or commerce between any such territory and another, or between any such territory or territories and any state or states or the District of Columbia, or with foreign nations, or between the District of Columbia and any state or states or foreign nations, is hereby declared illegal. Every person who shall make any such contract or engage in any such combination or conspiracy shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be punished by fine not exceeding five thousand dollars, or by imprisonment not exceeding one year, or by both said punishments, in the discretion of the court.

Geographi-
cal scope of
the act.

SEC. 4. The several circuit courts of the United States are hereby invested with jurisdiction to prevent and restrain violations of this act; and it shall be the duty of the several district attorneys of the United States, in their respective districts, under the direction of the Attorney General, to institute proceedings in equity to prevent and restrain such violations. . . .

Relation of
the courts
to the exe-
cution of
the act.

SEC. 5. Whenever it shall appear to the court before which any proceeding under section four of this act may be pending, that the ends of justice require that other parties should be brought before the court, the court may cause them to be summoned, whether they reside in the district in which the court is held or not; and subpoenas to that end may be served in any district by the marshal thereof.

SEC. 6. Any property owned under any contract or by any combination, or pursuant to any conspiracy (and being the subject thereof) mentioned in section one of this act, and being in the course of transportation from one state to another, or to a foreign country, shall be forfeited to the United States, and may be seized and con-

Provision
for the for-
feiture of
property.

demned by like proceedings as those provided by law for the forfeiture, seizure, and condemnation of property imported into the United States contrary to law.

Legal rights of injured parties.

SEC. 7. Any person who shall be injured in his business or property by any other person or corporation, by reason of anything forbidden or declared to be unlawful by this act, may sue therefor in any circuit court of the United States in the district in which the defendant resides or is found, without respect to the amount in controversy, and shall recover threefold the damages by him sustained, and the costs of suit, including a reasonable attorney's fee.

The words "person" and "persons" defined.

SEC. 8. That the word "person" or "persons," wherever used in this act, shall be deemed to include corporations and associations existing under or authorized by the laws of either the United States, the laws of any of the territories, the laws of any state, or the laws of any foreign country.

161. A great trust ordered dissolved ¹

Ineffective for twenty years, the Sherman Act proves its strength in 1911.

The Sherman Act was designed to curb the illegal activities of the trusts, yet during the first twenty years of its existence, the act was largely a failure. Occasionally the law revealed elements of strength, but it was not until 1911 that it really proved to be an effective weapon against monopoly. In that year the Supreme Court of the United States ordered dissolved two of the greatest trusts in the country, the Standard Oil Company and the American Tobacco Company. In its decision in the case against the latter trust the Court concluded as follows:

The American Tobacco Company ordered dissolved in 1911. Two possible remedies are rejected by the Supreme Court.

[In the disposal of this case,] we might at once resort to one or the other of two general remedies —

(a) the allowance of a permanent injunction restraining the combination [and its constituent parts] from continuing to engage in interstate commerce until the illegal situation could be cured . . . or

(b) to direct the appointment of a receiver to take charge of the assets and property in this country of the combination in all its ramifications for the purpose of preventing a continued violation of the law, and thus working out by a sale of the property of the

¹ From the Supreme Court of the United States, Decision in the case of *The United States, v. The American Tobacco Company and others*. 1911.

combination or otherwise a condition of things which would not be repugnant to the prohibitions of the act.

But having regard to the principles which we have said must control our action, we do not think we can now direct the immediate application of either of these remedies. We so consider as to the first because in view of the extent of the combination, the vast field which it covers, the all-embracing character of its activities concerning tobacco and its products, to at once stay the movement in interstate commerce of the products which the combination or its coöperating forces produce or control might inflict infinite injury upon the public by leading to a stoppage of supply and a great enhancement of prices. The second, because the extensive power which would result from at once resorting to a receivership might not only do grievous injury to the public, but also cause widespread and perhaps irreparable loss to many innocent people.

Under these circumstances, taking into mind the complexity of the situation in all of its aspects, and giving weight to the many-sided considerations which must control our judgment, we think, so far as the permanent relief to be awarded is concerned, we should decree as follows:

First. That the combination in and of itself, as well as each and all of the elements composing it, whether corporate or individual, whether considered collectively or separately, be decreed to be in restraint of trade and an attempt to monopolize and a monopolization within the first and second sections of the anti-trust act.

Second. That the court below, in order to give effective force to our decree in this regard, be directed to hear the parties . . . for the purpose of ascertaining and determining upon some plan or method of dissolving the combination and of re-creating, out of the elements now composing it, a new condition which shall be honestly in harmony with and not repugnant to the law.

Third. That for the accomplishment of these purposes, taking into view the difficulty of the situation, a period of six months is allowed from the receipt of our mandate, with leave, however, in the event, in the judgment of the court below, the necessities of the situation require, to extend such period to a further time not to exceed 60 days.

Reasons for rejecting these proposed remedies.

The decision of the Court:

The American Tobacco Company violates the act of 1890.

The trust to be dissolved and reorganized in accordance with law.

Time period within which this is to be accomplished.

The remedy in case dissolution does not take place within this period.

Fourth. That in the event, before the expiration of the period thus fixed, a condition of disintegration in harmony with the law is not brought about, . . . it shall be the duty of the court, either by way of an injunction restraining the movement of the products of the combination in the channels of interstate or foreign commerce, or by the appointment of a receiver, to give effect to the requirements of the statute.

Conclusion.

Pending the bringing about of the result just stated, each and all of the defendants, individuals as well as corporations, should be restrained from doing any act which might further extend or enlarge the power of the combination, by any means or device whatsoever. In view of the considerations we have stated, we leave the matter to the court below to work out a compliance with the law without unnecessary injury to the public or the rights of private property. . . .

And it is so ordered.

162. Significance of the Federal Trade Commission ¹

Additional anti-trust legislation in 1914.

Notwithstanding the strength shown by the Sherman Act in effecting the dissolution of the Standard Oil Company and the American Tobacco Company in 1911, there continued to be agitation for additional legislation. It was thought that our anti-trust legislation should be more specific, and that it should deal more effectively with the early stages of monopoly. In the effort to secure these ends, Congress in 1914 passed two additional anti-trust laws, the Clayton law and the Federal Trade Commission law. Of these two acts, the latter is probably the more significant. The following are excerpts from the Federal Trade Commission Act:

SEC. 1. *Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled,*

A Federal Trade Commission created.

That a commission is hereby created and established, to be known as the Federal Trade Commission . . . which shall be composed of five commissioners, who shall be appointed by the President, by and with the advice and consent of the Senate. Not more than

¹ From the *Statutes of the United States, Federal Trade Commission Law*, enacted, 1914.

three of the commissioners shall be members of the same political party. . . .

SEC. 5. . . . The commission is hereby empowered and directed to prevent persons, partnerships, or corporations, except banks, and common carriers subject to the acts to regulate commerce, from using unfair methods of competition in commerce.

It is empowered to prevent unfair methods of competition.

Whenever the commission shall have reason to believe that any such person, partnership, or corporation has been or is using any unfair method of competition in commerce, and if it shall appear to the commission that a proceeding by it in respect thereof would be to the interest of the public, it shall issue and serve upon such person, partnership, or corporation a complaint stating its charges in that respect, and containing a notice of a hearing upon a day and at a place therein fixed at least thirty days after the service of said complaint.

Procedure before the Commission.

The person, partnership, or corporation so complained of shall have the right to appear . . . and show cause why an order should not be entered by the commission requiring such person, partnership, or corporation to cease and desist from the violation of the law so charged. . . . If upon such hearing the commission shall be of the opinion that the method of competition in question is prohibited by this act, it . . . shall issue and cause to be served on such person, partnership, or corporation an order requiring [them] to cease and desist from using such method of competition. . . .

SEC. 6. That the commission shall also have power —

(a) To gather and compile information concerning, and to investigate from time to time the organization, business, conduct, practices, and management of any corporation engaged in commerce, (excepting banks and common carriers subject to the act to regulate commerce), and its relation to other corporations and to individuals, associations, and partnerships.

Investigating power over corporations.

(b) To require, by general or special orders, [such] corporations . . . to file with the commission in such form as the commission may prescribe annual or special, or both annual and special, reports or answers in writing to specific questions, furnishing to the commission such information as it may require as to the organization, business, conduct, practices, management, and relation to

Power to require reports.

other corporations, partnerships, and individuals of the [said] corporations. . . .

Power to investigate the carrying out of anti-trust decrees.

(c) Whenever a final decree has been entered against any defendant corporation in any suit brought by the United States to prevent and restrain any violation of the anti-trust acts, to make investigation, upon its own initiative, of the manner in which the decree has been or is being carried out, and upon the application of the Attorney General it shall be its duty to make such investigation. . . .

(d) Upon the direction of the President or either house of Congress [the commission shall have power] to investigate and report the facts relating to any alleged violations of the anti-trust acts by any corporation.

Power to recommend readjustment of business.

(e) Upon the application of the Attorney General [the commission shall have power] to investigate and make recommendations for the readjustment of the business of any corporation alleged to be violating the anti-trust acts in order that the corporation may thereafter maintain its organization, management, and conduct of business in accordance with law.

Power to make reports to Congress.

(f) [The commission shall have the power] to make public from time to time such portions of the information obtained by it hereunder, except trade secrets and names of customers, as it shall deem expedient in the public interest; and to make annual and special reports to the Congress, and to submit therewith recommendations for additional legislation; and to provide for the publication of its reports and decisions in such form and manner as may be best adapted for public information and use. . . .

Questions on the foregoing Readings

1. What is at present the dominant form of business organization?
2. At what time did Andrew Carnegie secure an interest in the business which later developed into the United States Steel Corporation?
3. What step toward integration was taken in the iron and steel business in 1881?
4. What was the amount of capital invested in the Carnegie Steel Company in 1892?
5. What were the circumstances which led to the formation of the United States Steel Corporation in 1901?

6. What industry first made use of the "trust" device?
7. What were to be the purposes and powers of the corporations formed by the adoption of this device?
8. How was the business of the combining concerns to be controlled?
9. Explain the relation between stock and trust certificates as provided for in the trust agreement.
10. What is the great objection to the trust?
11. Outline the charges against the National Cash Register with respect to the attempts of this company to learn the secrets of its competitors.
12. How did agents of this company attempt to injure the credit of its competitors?
13. What use did this company make of bogus concerns?
14. What was the chief purpose of these and other unfair tactics adopted by the company?
15. Why was the Sherman Anti-trust Act of 1890 passed by Congress?
16. What did this law say concerning combinations in restraint of trade?
17. What part were the circuit courts of the United States to play in the execution of the law?
18. What redress was allowed persons who had sustained injury as the result of trust activity?
19. In what year did the Sherman Act prove markedly effective?
20. What two great combinations were ordered dissolved in 1911?
21. What, in brief, was the decision of the Supreme Court in the American Tobacco Company case?
22. Why did there continue to be agitation for additional anti-trust legislation after 1911?
23. What two acts were enacted in 1914?
24. Outline the powers which the Federal Trade Commission may exercise over business.
25. What additional powers may be exercised by the Commission?

CHAPTER XXVIII

PUBLIC INTEREST IN BUSINESS: OWNERSHIP

163. Social importance of public utilities¹

Public utilities classified.

In so far as they affect the well-being of the community, all businesses are of social importance. However, some industries are more immediately and intimately connected with the welfare of the public than are other types of business. Of particular importance to the public is a group of industries which includes: (a) local utilities, including such industries as street railways, gas and electric light works, water works, and the telephone; and (b) steam railroads. The social significance of these public utilities was affirmed in the 1886 report of the Senate Select Committee on Interstate Commerce. The report of this committee was concerned chiefly with steam railroads, but the following passages are significant in connection with other utilities as well:

Unique position of the railroads.

As a common carrier and as the privileged manager of the business of transportation upon a public highway, the relations and obligations of the railroad to the community and to the governmental authority are essentially different from those of the ordinary corporation which does not enjoy similar exclusive privileges or perform a public function. In the very nature of these distinctions and in the peculiar relations they occasion are to be found the reasons which justify and render necessary the legislative regulation of the railroad corporations engaged in the business of transportation for the public convenience. . . .

The public nature of these corporations has been uniformly maintained by the courts and legislatures of the several states. In Massachusetts, for example, as Judge Russell, the chairman of the rail-

¹ From the Reports of Committees of the Senate of the United States for the First Session of the Forty-ninth Congress, 1885-1886. *Report of the Committee on Interstate Commerce*. Part I; pp. 40-42.

road commission, stated to the committee: "Our supreme court has always held very strictly the doctrine that railroad corporations are public corporations, created solely for the good of the public, and that they are to be dealt with accordingly. A great many years ago Mr. Choate said to the legislature, 'Railroads are made for the people and not the people for the railroads;' and that idea has been adopted by the supreme court in this state. . . ."

Railroad corporations are public corporations.

These principles are well settled, and since the decisions by the United States Supreme Court in the "Granger Cases" brought the railroads to a realizing sense of their obligations they have been substantially conceded. But when we consider the imperial influence which these most mighty engines of civilization can exercise upon the development, progress, and commerce of the country, making possible the ruin or prosperity of cities, states, or even larger areas of our territory, . . . it becomes evident that the state possesses the right to supervise and regulate the administration of such imperial power upon the broad ground of public policy, in addition to the fact a railroad corporation manages a public highway, exercises a public function, and is in the nature of a monopoly.

Additional reasons why the state has the right to regulate the railroads.

The extent of the obligations of the railroad to the state and of the state to the railroad is well expressed by the railroad commissioners of New York [as follows]: "A common carrier thus created becomes at common law a quasi public servant, bound, as the price of its privileges conferred, to carry all persons and property offered to it for a just and reasonable compensation, and with due regard to public safety and convenience.

Obligations of the railroad to the state,

"It is the right and duty of the state . . . to see that the citizen has service to which he is thus entitled, to prevent railroads from assuming rights and privileges not granted, to compel the correction of abuses, and to require the performance of duties assumed. No less has the railroad at least a well-recognized equitable right to insist that the state shall guard its property; that it shall be protected in the exercise of its chartered privileges, and that subsequent legislation shall not exceed the limits above stated." . . .

and obligations of the state to the railroad.

164. Extent of municipal ownership ¹

Causes of the movement toward municipal ownership of local utilities.

Confining our present attention to those public utilities which are local in character, *i.e.* street railways, gas and electric light works, and similar industries, it should be noted that two factors have stimulated the movement for public ownership of these utilities. In the first place, such industries are natural monopolies, and tend by their very nature to integrate and combine. In the second place, the social importance of these utilities renders dangerous their natural tendency toward monopoly conditions. The result is a movement toward the municipal ownership of local utilities. The extent of this movement in 1917 is described by Mr. Carl D. Thompson in the following passage:

Extent of municipal ownership of

. . . At the beginning of the last century, there were 16 water plants in the United States, only one of them municipally owned. By the close of the century there were perhaps 3500 plants, more than half of which were publicly owned and 200 of which had changed from private to public ownership. Practically every one of the larger cities owns its water plants, the only exception being San Francisco. And of all the cities of the United States of 30,000 population and over, there are 150 municipal to 50 private plants, or three public to one private. . . .

water works,

electric

A similarly rapid growth has taken place in electric lighting. The first municipal lighting plant was established in 1881. At that time there were seven private plants. From that time forward the number of municipal plants increased rapidly, until by 1912 there were 1562 municipal plants. Moreover, the percentage of increase of municipal plants has been much greater during the ten years ending with 1912 than that of private plants. . . . Moreover, while there have been 13 plants that have changed from public to private ownership, there have been 170 plants that have changed from private to public ownership. . . .

and gas light plants,

The development of municipal ownership in the field of gas production has been less rapid. And the reasons are obvious. The development of electricity as a mode of lighting is more practical

¹ From Carl D. Thompson, *Municipal Ownership*. B. W. Huebsch, New York, 1917; pp. 1-6.

and convenient for municipal purposes, and besides is better suited to small cities where municipal ownership in lighting has had its chief development. . . . However, there has been considerable development even in this direction. There were only nine municipal gas plants in the United States in 1890, and only 15 in 1899. By 1907 there were 25 in the United States and 10 in Canada. Comparing this with the growth of the private plants, the report of the Civic Federation finds that the number of private plants has grown about 48 per cent, and the number of municipal plants 67 per cent, in six years.

The first city in the United States to undertake the municipal ownership of its street car lines was Monroe, La. That city took over its lines about 15 years ago and reports indicate that the lines have been making a surplus of over \$16,000 per year in recent years.

St. Louis, Mo., has operated a short electric line in connection with its water works plant for some years, but it is a very small part of the city's transportation system.

San Francisco is the first city of any size to really go into the municipal ownership of its street car lines. After nearly ten years of agitation, and after ten years of struggle in repeated elections, and after encountering and overcoming all sorts of court proceedings and other difficulties, the city finally started its first municipal cars in December, 1912. Since then it has steadily developed its system. . . .

165. The future of municipal ownership¹

The agitation for the municipal ownership of local utilities has been accompanied by a number of investigations of the subject. Of these investigations one of the most comprehensive was that conducted for the National Civic Federation by the Commission on Public Ownership and Operation. This Commission, appointed in 1905, made a thorough study of local utilities at home and abroad, and submitted its report in 1907. With respect to the prospects of municipal ownership in this country, the commission offered the following resolutions and recommendations:

¹ From the Commission on Public Ownership and Operation, *Report to the National Civic Federation on Municipal and Private Operation of Public Utilities*, New York, 1907. Part I, Vol. 1, pp. 23-25.

and street
railways.

Municipal
ownership
investigated
by the
Commission
on Public
Ownership
and Opera-
tion.

Conclusions
of the
Commission:

Public util-
ities cannot
be regulated
by competi-
tion.

Some utili-
ties demand
public
ownership,

others do
not.

Provision
for future
purchase.

Municipali-
ties should
be given
the author-
ity to build
and operate
public util-
ities.

In any case,
the public
should share
in the profits
of the
utilities.

First, we wish to emphasize the fact that the public utilities studied are so constituted that it is impossible for them to be regulated by competition. Therefore, they must be controlled and regulated by the government; or they must be left to do as they please; or they must be operated by the public. There is no other course. None of us is in favor of leaving them to their own will, and the question is whether it is better to regulate or to operate. . . .

We are of the opinion that a public utility which concerns the health of the citizens should not be left to individuals, where the temptation of profit might produce disastrous results, and therefore it is our judgment that undertakings in which the sanitary motive largely enters should be operated by the public.

We have come to the conclusion that municipal ownership of public utilities should not be extended to revenue-producing industries which do not involve the public health, the public safety, public transportation, or the permanent occupation of public streets or grounds, and that municipal operation should not be undertaken solely for profit.

We are also of the opinion that all future grants to private companies for the construction and operation of public utilities should be terminable after a certain fixed period, and that meanwhile cities should have the right to purchase the property for operation, lease or sale, paying its fair value.

To carry out these recommendations effectively and to protect the rights of the people, we recommend that the various states should give to their municipalities the authority, upon popular vote under reasonable regulations, to build and operate public utilities, or to build and lease the same, or to take over works already constructed. . . . We believe that this provision will tend to make it to the enlightened self-interest of the public utility companies to furnish adequate service upon fair terms, and to this extent will tend to render it unnecessary for the public to take over the existing utilities or to acquire new ones. . . .

In case the management of public utilities is left with private companies, the public should retain in all cases an interest in the growth and profits of the future, either by a share of the profits or a reduction of the charges, the latter being preferable as it inures

to the benefit of those who use the utilities, while a share of the profits benefits the taxpayers.

Our investigations teach us that no municipal operation is likely to be highly successful that does not provide for:

First. An executive manager with full responsibility, holding his position during good behavior.

Second. Exclusion of political influence and personal favoritism from the management of the undertaking.

Third. Separation of the finances of the undertaking from those of the rest of the city.

Fourth. Exemption from the debt limit of the necessary bond issues for revenue-producing utilities, which shall be a first charge upon the property and revenues of such undertaking. . . .

Factors
controlling
the success
of municipal
ownership.

166. The evils of railroad development¹

Let us turn now to the second type of public utilities, *i.e.* the steam railroads. The necessity of adequate transportation was early recognized by both Federal and state governments, and numerous encouragements were extended railroad corporations in the development of transportation facilities. Railroad development proceeded rapidly after 1850, and particularly after the Civil War. The benefits of this rapid development are beyond measure; on the other hand, the unchecked growth of railroad corporations in time gave rise to numerous complaints. In 1886, a Select Committee of the Senate of the United States reported that the complaints against the railroad system were based upon the following charges:

Rapid de-
velopment
of the rail-
roads.

Benefits
and evils.

1. That local rates are unreasonably high, compared with through rates.

2. That both local and through rates are unreasonably high at non-competing points, either from the absence of competition or in consequence of pooling agreements that restrict its operation.

3. That rates are established without apparent regard to the actual cost of the service performed, and are based largely on "what the traffic will bear."

Complaints
against the
railroads
with respect
to rates,

¹ From the Reports of Committees of the Senate of the United States for the First Session of the Forty-ninth Congress, 1885-1886. *Report of the Committee on Interstate Commerce.* Part 1, pp. 180-181.

discrimina-
tions,

4. That unjustifiable discriminations are constantly made between individuals in the rates charged for like service under similar circumstances.

5. That improper discriminations are made between articles of freight and branches of business of a like character, and between different quantities of the same class of freight.

6. That unreasonable discriminations are made between localities similarly situated.

the suppres-
sion of free
competition,

7. That the effect of the prevailing policy of railroad management is, by an elaborate system of secret special rates, rebates, drawbacks, and concessions, to foster monopoly, to enrich favored shippers, and to prevent free competition in many lines of trade in which the item of transportation is an important factor.

favoritism,

8. That such favoritism and secrecy introduce an element of uncertainty into legitimate business that greatly retards the development of our industries and commerce.

9. That the secret cutting of rates and the sudden fluctuations that constantly take place are demoralizing to all business except that of a purely speculative character, and frequently occasion great injustice and heavy losses.

irresponsi-
bility,

10. That, in the absence of national and uniform legislation, the railroads are able by various devices to avoid their responsibility as carriers, especially on shipments over more than one road, or from one state to another, and that shippers find great difficulty in recovering damages for the loss of property or for injury thereto.

11. That railroads refuse to be bound by their own contracts, and arbitrarily collect large sums in the shape of overcharges in addition to the rates agreed upon at the time of shipment.

12. That railroads often refuse to recognize or be responsible for the acts of dishonest agents acting under their authority.

13. That the common law fails to afford a remedy for such grievances, and that in cases of dispute the shipper is compelled to submit to the decision of the railroad manager or pool commissioner or run the risk of incurring further losses by greater discriminations.

overcapi-
talization,

16. That the capitalization and bonded indebtedness of the roads largely exceed the actual cost of their construction or their present value, and that unreasonable rates are charged in the

effort to pay dividends on watered stock and interest on bonds improperly issued.

17. That railroad corporations have improperly engaged in lines of business entirely distinct from that of transportation, and that undue advantages have been afforded to business enterprises in which railroad officials were interested.

18. That the management of the railroad business is extravagant and wasteful, and that a needless tax is imposed upon the shipping and traveling public by the unnecessary expenditure of large sums in the maintenance of a costly force of agents engaged in a reckless strife for competitive business.

167. Government administration of the railroads, 1917-1920 ¹

The persistence of the evils referred to in the preceding selection led, after 1880, to a good deal of legislation designed to curb the unfair practices of the railroads. But this earlier legislation was unable effectively to control the railroad situation, and accordingly the advocates of government ownership rejoiced when on December 26, 1917, the President proclaimed the railroads under Federal control. A large number of factors prevents us from drawing any satisfactory conclusion from the war-time record of the roads, but it is interesting to note that one of the obvious benefits of government ownership was attained, *i.e.* numerous economies of management. These are briefly outlined in the following extract from the report of the Director-General of Railroads to the President, September 3, 1918:

The reorganization of the operating force has been made without any impairment of efficiency and with a reduction in the number of officers required, and in the aggregate of the salaries paid them chargeable to operating expenses. . . . Under private control, salaries as high as \$100,000 per annum were paid officers of railroad corporations. Under government control the highest salaries paid are to Regional Directors (of whom there are but seven), and these salaries range from \$40,000 to \$50,000 per annum. . . .

¹ From the United States Railroad Administration, *Report of the Director-General to the President, etc.* Washington, 1918; pp. 11-12, 16-21.

and extravag-
agance.

Legislation
proving
ineffective,
Federal con-
trol of the
roads in
war-time is
welcomed
by some as
a prelude
to govern-
ment
ownership.

Economies
of govern-
ment ad-
ministra-
tion:

reduction of
salaries,

simplifica-
tion of
freight
classifica-
tions,

Hitherto there have been some three different freight classifications applying to interstate traffic, while many states had their own particular classifications applying to interstate traffic. . . . It often happened that a shipment moving through two or more classification territories was subjected to different rules in the course of its journey. . . . Great confusion in rating and classification and many overcharges and claims were the result. To simplify this situation a consolidated classification has been prepared. . . .

consolida-
tion of
ticket
offices,

Inasmuch as there is no longer any competition for freight and passenger traffic between the various divisions of the government railroad system, I have ordered that solicitation of traffic and special exploitation of passenger routes shall be discontinued. In pursuance of this policy the soliciting forces of the various railroads have been either relieved from duty or assigned to employment in connection with the operating departments, and the separate ticket offices formerly maintained in most of the larger cities have been consolidated. . . . The saving that will be effected as a result of this policy is estimated at \$23,566,633. . . .

elimination
of unneces-
sary pas-
senger
trains,

After careful study a number of unnecessary passenger trains have been eliminated. Between many of the larger cities of the country served by competing railroads there was formerly a surplusage of elaborately equipped passenger trains. In many cases they started and arrived at the same time. Some of them were but half filled. . . . Many of these unnecessary trains have been eliminated. In the territory west of Chicago and the Mississippi River passenger trains traversing an aggregate of 21,000,000 miles a year have been done away with. In the Eastern District unessential passenger trains that used to travel 26,420,000 miles per annum have also been eliminated. . . .

better use
of passenger

Other reforms that are being worked out in the passenger service include the common use of the same terminals by railroads formerly in competition and using separate terminals. The most conspicuous example of the latter innovation is the use of the Pennsylvania Terminal in New York for through trains via the Baltimore & Ohio between Washington and New York. . . . In this case, as in many others, it has been arranged that trains shall leave at successive hours instead of at the same time, as they often did in the past. . . .

The same principle is being applied as rapidly as possible in the consolidation of freight terminals. The saving of switching costs that will result and the greater rapidity with which cars can be loaded and unloaded are obvious. . . .

Recognizing the fact that a straight line is the shortest distance between two points, extensive studies have been made with the purpose of developing well-graded routes for the transportation of freight that will be shorter than those previously in use. Great progress has been made in this direction, especially in the West, and many new through lines are being developed. One of them from Los Angeles to Dallas and Fort Worth is over 500 miles shorter than the routing via the Southern Pacific lines formerly much used. . . .

168. The Transportation Act of 1920¹

Federal administration of the nation's railroads proved to be short-lived, the roads being returned to private control in the spring of 1920. However, government administration had emphasized the desirability of certain changes in the legislation regulating railroads. Accordingly, the Transportation Act of 1920 was passed. This law was designed to safeguard the roads during the readjustment period after the war, and to take advantage of some of the lessons of government administration. Some of the significant provisions of the Transportation Act of 1920 follow:

SEC. 401 . . . (11) It shall be the duty of every carrier by railroad subject to this Act to furnish safe and adequate car service, and to establish, observe, and enforce just and reasonable rules, regulations, and practices with respect to car service. . . .

(12) It shall also be the duty of every carrier by railroad to make just and reasonable distribution of cars for transportation of coal among the coal mines served by it, whether located upon its line or lines or customarily dependent upon it for car supply. . . .

(15) [In case of shortage of equipment, congestion or other emergency, the Interstate Commerce Commission may] (a) suspend the operation of any or all rules . . . for such time as may be determined by the Commission; [and (b) may] make such just and reasonable

¹ From the *Statutes of the United States, Transportation Act of 1920*, Sections 401, 405, and 407.

and freight terminals,

and the shortening of freight routes.

The railroads returned to private control. The Transportation Act of 1920.

Duty to furnish safe and adequate car service,

and to supply coal mines with cars.

Increased powers of the Interstate Commerce Commission in emergencies.

directions with respect to car service, without regard to the ownership as between carriers of locomotives, cars and other vehicles, during such emergency as in its opinion will best promote the service in the interest of the public. . . . [In pursuance of this power, the Commission may] require such joint or common use of terminals . . . as in its opinion will best meet the emergency and serve the public interest. . . . [The Commission may also, in such case,] give directions for preference or priority in transportation, embargoes, or movement of traffic under permits, at such time and for such periods as it may determine. . . .

(16) Whenever the Commission is of opinion that any carrier by railroad subject to this Act is for any reason unable to transport the traffic offered it so as properly to serve the public, [the Commission may] make such just and reasonable directions with respect to the handling, routing, and movement of the traffic of such carrier . . . as in the opinion of the Commission will best promote the service in the interest of the public. . . .

(18) [Hereafter no railroad] shall undertake the extension of its line of railroad, or the construction of a new line of railroad, or shall acquire or operate any line of railroad, or extension thereof, . . . unless and until there shall first have been obtained from the Commission a certificate that the present or future public convenience and necessity require or will require the construction, or operation . . . of such additional or extended line of [railroad. And] no carrier by railroad . . . shall abandon all or any portion of a line of railroad, or the operation thereof, unless and until there shall first have been obtained from the Commission a certificate that the present or future public convenience and necessity permit of such abandonment. . . .

The Commission given power to control the extension and abandonment of lines.

Interchange of facilities.

SEC. 405 . . . (3) All carriers . . . shall, according to their respective powers, afford all reasonable, proper, and equal facilities for the interchange of traffic between their respective lines, and for the receiving, forwarding, and delivering of passengers or property to and from their several lines and those connecting therewith. . . .

Common use of terminals.

(4) If the Commission finds it to be in the public interest and to be practicable, without substantially impairing the ability of a carrier owning or entitled to the enjoyment of terminal facilities to handle

its own business, it shall have power to require the use of any such terminal facilities . . . by another carrier or other carriers. . . .

SEC. 407 . . . (4) The Commission shall as soon as practicable prepare and adopt a plan for the consolidation of the railway properties of the continental United States into a limited number of systems. In the division of such railways into such systems under such plan, competition shall be preserved as fully as possible, and wherever practicable the existing routes and channels of trade and commerce shall be maintained. . . .

The Commission empowered to plan the consolidation of the nation's railroads.

Questions on the foregoing Readings

1. Into what two classes may public utilities be divided?
2. In what way does the railroad corporation differ from the ordinary corporation?
3. What was Judge Russell's opinion in this regard?
4. What are the reciprocal obligations of the railroad and the state?
5. What two factors have stimulated the movement for the municipal ownership of local utilities?
6. What is the extent of municipal ownership with respect to water works?
7. Why has the movement been relatively slow in the manufacture of gas?
8. What is the extent of municipal ownership in the street railway business?
9. What did the Commission on Public Ownership and Operation conclude as to which industries should be operated by the public, and which should not be so operated?
10. What, according to the Commission, are the chief factors which will determine the future development of municipal ownership?
11. Name some complaints against the railroads with respect to rates.
12. What charges were brought against the railroads with respect to discriminations?
13. What is meant by saying that formerly the railroads avoided their responsibility as carriers?
14. What charge was brought against the railroads with respect to extravagance?
15. During what period of our history were the railroads placed under governmental control?
16. What, according to the Director-General of the Railroads, were the economies of governmental administration with respect to the elimination of unnecessary passenger trains?

17. What saving was effected in the use of ticket offices?
18. How were passenger and freight terminals utilized more advantageously under government administration?
19. Name an important saving with respect to the utilization of freight routes.
20. What important railroad legislation was enacted in 1920?
21. What did this act say with regard to the duty of common carriers to furnish car service?
22. How did the act increase the powers of the Interstate Commerce Commission in time of emergency?
23. Explain the extent to which the act gave the Commission control over the extension and abandonment of lines.
24. What did the act say regarding the use of terminals by carriers not owning those terminals?
25. What provision was made for the consolidation of the nation's railroads?

CHAPTER XXIX

THE TARIFF

169. The basis of international trade ¹

The tariff question is a phase of the larger problem of international trade. International trade is a wide-spread and persistent phenomenon, and, like domestic trade, is based upon the instinct of peoples to exchange products which they want relatively little for products which they want relatively much. In the following selection, Professor Alvin S. Johnson discusses international trade as the fundamental basis of the tariff question:

From early modern times, when men first began to think systematically upon economic subjects, a great deal of attention has been bestowed upon the exchange of goods between persons living under different governments, or international trade. It was for a long time believed (and it is still widely believed) that such trade differs radically in its nature from trade that is carried on within the limits of a single country. While the latter, it is generally admitted, is an unmixed good, and ought to be encouraged, or at any rate granted the most perfect freedom by government, the former, many believe, is often a doubtful blessing and ought to be closely scrutinized and regulated, and, under many circumstances, discouraged or even prohibited. . . .

All permanent trade is based upon differences in character of productive powers. . . .

One region may have excellent mineral deposits but lack fertile land for the growing of food; another region may be quite devoid of minerals, but abundantly supplied with rich lands. In one region the character of the population may be such as to fit it for kinds of

The tariff question a phase of the problem of international trade.

Trade between different parts of the same country compared with trade between nations.

Permanent trade based on differences in productive powers.

Illustrations.

¹ From Alvin S. Johnson, *Introduction to Economics*. D. C. Heath & Co., 1909; pp. 324-328.

work requiring skill and taste, but not such as to fit it for kinds of work requiring great muscular strength and endurance. In another region the population may be almost incapable of acquiring taste and skill, although it is well fitted for labor demanding rude muscular power.

Capital may be plentiful and cheap in one region and scarce and dear in another. [Thus] industries requiring vast capital can be operated to greater advantage in the former region than in the latter.

Land may be plentiful in one region, relatively to the population, and scarce in another. Industries requiring an extensive use of land will find their natural habitat in the former region.

The populations of two regions, though differing little in fundamental character, may differ widely in their attitude toward particular forms of toil. They possess different habits, or, more properly, traditions of workmanship, which fit the one better for one kind of labor, the other for another.

The result.

So long as any of these differences persist, there is obviously reason why there should be differences in the industries of the two regions. With adequate means of communication, trade between the two regions naturally arises. . . .

In some cases the products exchanged are quite dissimilar,

In some cases the products of two regions are quite dissimilar. Neither region can produce the commodities which it receives from the other. Thus in the Middle Ages an important trade was carried on between northern Europe and the Indies. The former region furnished furs and amber, the latter, spices and gems. A modern example of the same sort of trade is the exchange of iron and steel products for teas, coffee, and spices between England on the one hand, and the East Indies on the other. In general, the trade between countries in the temperate zone, on the one hand, and countries in the torrid zone, on the other, is largely of this character. . . .

but usually one or both of the trading regions can produce both of the products exchanged.

More commonly one of the trading regions, or both, can produce both classes of commodities exchanged. The United States can produce both sugar and pork; so also can Cuba. But the United States possesses exceptional advantages for the production of pork; for the production of sugar it is not especially well adapted. Cuba, on the other hand, has unsurpassed advantages for the production of sugar, but can produce pork with only a moderate degree of suc-

cess. It is, therefore, natural that an exchange of products between the two countries should take place. . . .

170. The nature of the tariff¹

Suppose, in the case just mentioned, that there were no artificial hindrances to the exchange of pork and sugar between the United States and Cuba. In such an event, economic considerations would determine the extent and nature of this international trade. In such a case we should adjust our production in such a way as to produce all the pork that Cuba needed, while Cuba would tend to specialize in the growing of sugar for our consumption. But the international exchange of products is not always unfettered, in many instances artificial restrictions are placed upon such exchange, that is to say, a tax or duty known as a tariff is levied upon the goods of foreign nations as they enter a particular country for sale. The nature of the tariff is briefly described by Professor Johnson in the following language:

What would happen if there were no interference with international trade.

The tariff.

Since early modern times a great part of the energy of governments has been expended upon the regulation of international trade. The reason for such regulation has been twofold. In the first place, there is a deep-rooted belief in the people of every nation that the national prosperity may be furthered by restrictions upon trade with foreigners. In the second place, such trade has long been recognized as a convenient and appropriate source of public revenue.

Two reasons for the regulation of international trade.

A century ago the policy of prohibiting the importation of some classes of goods, and the exportation of other classes, was widely followed. At present this policy has practically fallen into disuse. Some of the states of eastern Europe prohibit the exportation of grain when the supply appears to be insufficient to keep the people of those states from starving. Most countries prohibit the importation of certain commodities that are believed to menace the health of the consumer. Omitting such exceptional cases, however, we may say that the regulation of foreign trade is everywhere carried on under the guise of taxation. If we wish to prohibit the importation of cotton from Egypt,

How undesirable goods are kept out of a country.

¹ From Alvin S. Johnson, *Introduction to Economics*. D. C. Heath & Co., 1909; pp. 348-350.

we place such high taxes upon imports of Egyptian cotton that no one finds it worth while to import it.

Our tariff problem relates solely to taxes on imports.

Taxes on foreign trade may be levied upon either imports or exports or upon both. Export taxes are generally unpopular, because of the common belief that it is a good thing to export as many goods as possible. In the United States export taxes are prohibited by the Constitution. We shall, therefore, confine our study to taxes on imports.

Duties may be for revenue, or for protective purposes.

[The difference between taxes levied for revenue, and taxes levied for protection may be illustrated as follows]: Before the annexation of Porto Rico all the coffee used in the United States came from foreign soil. A tax (or "duty") of, say, five cents a pound under the conditions would have discouraged importation in only a slight degree. [In such a case the tax would constitute a "revenue" tariff.]

A duty of \$20 a ton on steel, on the other hand, would practically prohibit the importation of steel. . . . Suppose that we can produce steel at \$15 a ton, while in some foreign country it can be produced at \$12. If the cost of bringing steel from the foreign country is \$2 a ton, foreign producers can sell steel here at lower prices than our own producers can afford to take. But if foreign steel is compelled to pay a duty of \$20 a ton, none of it can be sold here, unless the American producers combine and force steel up to the price of \$34 a ton. Such a duty, since it "protects" domestic producers against foreign competition, is known as a protective duty. . . .

Revenue duties may afford some protection, and protective duties yield revenue.

Of course a duty the aim of which is the raising of revenue may be incidentally protective. Thus if we were to levy a duty on imported coffee, it would "protect" the coffee growers of Porto Rico.

On the other hand, protective duties may incidentally yield a revenue. In the case employed above, if the duty on foreign steel had been \$1 instead of \$20, foreign steel would have continued to be imported, and thus a revenue would have been obtained. At the same time the foreigner would have been prevented from underselling the American; accordingly, the latter would have been protected. Most of our duties are protective, but incidentally yield a revenue, as they are not high enough to prevent importation altogether.

The schedule of all duties levied by a country is known as the

"tariff." A tariff consisting of duties whose main object is the raising of a revenue is known as a revenue tariff. . . . A protective tariff consists mainly of duties whose purpose is the protection of domestic producers against foreign competition. Such a tariff has been in force in the United States since early in the nineteenth century; its character has been most strongly marked since the Civil War.

Conclusion.

171. The United States Tariff Commission¹

In the United States, and in other highly industrial countries in which the protective principle is entrenched, a great deal of time and ingenuity must necessarily be expended upon the determination of tariff policies and administration. Congress enjoys the privilege of legislating on tariff questions, but there has long been need of some agency which would supply the national legislature with adequate information on tariff questions. In 1916 there was an attempt to fill this need by the creation of the United States Tariff Commission. This Commission consists of six members appointed by the President for twelve years, not more than three of whom may belong to the same political party. The work of the Commission was described in 1920 by its chairman, Thomas W. Page, as follows:

A Tariff Commission created to facilitate tariff legislation.

The United States Tariff Commission has no administrative duties whatever. It was created to make investigations, assemble and digest information, and lay the results before the President and Congress. The Tariff Commission is required to respond to any request made upon it by the President, the Congress as a whole, either house of Congress, the Finance Committee of the Senate, and the Committee on Ways and Means of the House of Representatives. It is contemplated that these requests will be for information. Thus far, I may say, the requests have been, in the main, limited to this field. . . .

General purpose of the Commission.

The most important of [the duties of the Commission] may be grouped under three heads.

Duties of the Commission:

First, the Commission is required to investigate the operation and the form of the law actually in force with a view to ascertaining

¹ From the National Tax Association, *Proceedings of the Thirteenth Annual Conference on Taxation*, held at Salt Lake City, September 6-10, 1920. New York, 1921; pp. 221-224.

The codification and simplification of the customs administrative laws.

whether the true intent of Congress is being carried out. It may surprise you to know that no codification or attempt at classifying and elucidating our customs administrative laws has been made in this country for more than a century. The law has been gradually built up by the imposition of one statute upon another, often without adequate consideration of the operation of the acts already in force, with the result that conflict and confusion have often prevented the proper enforcement of the provisions as intended by Congress. . . . The Tariff Commission, therefore, as one of its first activities codified the law, redrafted it in simple form, and prepared a report which it submitted to Congress. . . .

The study of foreign tariffs.

The second group of duties of the Tariff Commission deals with the relation of our tariff to foreign tariffs. This bids fair to be a field of great importance and of intense interest. Tariff policies of the whole world are in process of being remade since the war. . . . In revising our tariff Congress needs explicit and ready information as to the policies and legislative measures of the nations with which we trade. This country and others have long looked upon the tariff as a means of preventing discrimination and unfair treatment, and it will be necessary for Congress to know in detail what is the treatment of our commerce by other countries when it comes to framing a new tariff bill. . . .

Effects of the tariff upon American industries.

The third, and in some respects the most important of all the duties devolving on the Tariff Commission, consists in investigating the effects of the tariff on American industries and in making such a survey of the conditions surrounding these industries as will show when the need exists for tariff revision.

A commodity survey necessary.

Thus far the Commission has covered nearly half of the items mentioned in the tariff and a large number of equally important items that are not mentioned by name. The information assembled is recorded for each item in what we call a Tariff Information Survey and each survey is intended to contain in regard to the item it covers all the facts that are pertinent to the tariff. . . .

With some items an important fact would consist in explaining what the thing under consideration really is. In practically every schedule occur the names of commodities that are commercially dealt in, but the nature and uses of which are unknown to most citi-

zens and to most Congressmen, so that we begin our surveys with the description of the product concerned and a statement of its chief uses.

How the Commission gathers information concerning commodities.

We proceed to consider the domestic production of the article; the materials out of which it is made, whether they have to be imported, or are produced in this country; the nature of the equipment used in the industry, whether foreign or domestic; a sufficient description of the methods of production to give to the Congressmen and the citizen some idea of what the industry is like; and then we study the organization of the industry, whether it is conducted on a large scale, under highly centralized control as, for example, in the meat packing business, or whether it is widely distributed in small scale units under individual ownership, as is for the most part the case with the fruit and vegetable packing industry. . . .

[We also] show the amount of production and give an estimate of the domestic consumption with a view to showing whether the domestic industry has a capacity to satisfy the domestic demand, or whether imports in considerable quantities are necessary. The latter case might well be illustrated by reference to woolgrowing, many millions of pounds of wool being necessarily imported. Naturally we also study the amount and character of the exports, if there are any. . . .

The question of whether or not imports are necessary.

172. Tariff principles of the Democratic party¹

Each of the great political parties has long had a more or less definite tariff policy, and consequently it is possible somewhat to predict the effects upon the tariff of a change in administration. The Republican party was in power for most of the period between the Civil War and 1912, and the general tariff policy during this period was one of protection. The Democrats charged that the high cost of living and other evils were the result of this long-continued protection. In 1912 the Democratic party platform expressed the following views on the tariff:

Each of the great parties has a more or less definite tariff policy.

We declare it to be a fundamental principle of the Democratic

¹ From the Democratic National Committee, *Democratic Campaign Text-book*, 1912, pp. 2, 4, 166-167, 169.

The Democratic party declares a protective tariff unconstitutional.

Evils of the Republican policy of protection.

The Democrats demand a downward revision of the tariff.

President Taft's tariff policy denounced,

and the people appealed to.

party that the Federal government under the Constitution has no right or power to impose or collect tariff duties except for the purpose of revenue, and we demand that the collection of such taxes shall be limited to the necessities of government honestly and economically administered.

The high Republican tariff is the principal cause of the unequal distribution of wealth, it is a system of taxation which makes the rich richer and the poor poorer; under its operations the American farmer and laboring man are the chief sufferers; it raises the cost of the necessities of life to them, but does not protect their product or wages. The farmer sells largely in free markets and buys almost entirely in the protected markets. In the most highly protected industries, such as cotton and wool, steel and iron, the wages of the laborers are the lowest paid in any of our industries. We denounce the Republican pretense on that subject and assert that American wages are established by competitive conditions and not by the tariff.

We favor the immediate downward revision of the existing high, and, in many cases, prohibitive tariff duties, insisting that material reductions be speedily made upon the necessities of life. Articles entering into competition with trust-controlled products and articles of American manufacture which are sold abroad more cheaply than at home, should be put upon the free list.

We recognize that our system of tariff taxation is intimately connected with the business of the country, and we favor the ultimate attainment of the principles we advocate by legislation that will not injure or destroy legitimate industry.

We denounce the action of President Taft in vetoing the bills to reduce the tariff in the cotton, woolen, metals and chemical schedules, and the farmers' free list bill, all of which were designed to give immediate relief to the masses from the exactions of the trusts.

The Republican party, while promising tariff revision, has shown by its tariff legislation that such revision is not to be in the people's interest; and having been faithless to its pledges in 1908, it should no longer enjoy the confidence of the nation. We appeal to the American people to support us in our demand for a tariff for revenue only.

The high cost of living is a serious problem in every American home. The Republican party, in its platform, attempts to escape

from responsibility for present conditions by denying that they are due to a protective tariff. We take issue with them on this subject and charge that excessive prices result in a large measure from the high tariff laws enacted and maintained by the Republican party and from trusts and commercial conspiracies fostered and encouraged by such laws, and we assert that no substantial relief can be secured for the people until import duties on the necessities of life are materially reduced and these criminal conspiracies broken up. . . .

It has been frequently asserted that the Democratic party was responsible for the panic of 1893 and the years immediately following. . . . It is asserted that the hardships of that period were due to Democratic tariff, that the tariff is responsible for success or failure; that the protective principle in tariff taxation means material progress, while the tariff for revenue only means financial adversity. If one period is considered, accepting that from 1890 to 1897, and all other history were forgotten, this allegation would not be proven. If the failures in business are taken as the test of the law, an interesting fact is developed. The McKinley tariff bill [a Republican measure] went into effect October 6, 1890, and remained in force until August 27, 1894, and included the worst of the panic of that period. . . . Everyone familiar with American history knows that no Democratic tariff law nor Democratic administration was responsible for the unfortunate conditions of those times. . . .

It has been repeatedly stated that the Democrats would destroy the tariff and that protection is in the interest of the workingman and the only hope of his well-being is in the continuance of Republican supremacy. The people are told that free trade, which they allege is the doctrine of democracy, would stop the wheels of industry and throw the laborer on the mercy of the government without employment. The truth is that the Democratic party has no intention to destroy a single legitimate industry, neither, as the result of its control, need a single individual be without employment. Its purpose is to lighten the burdens of the consumer. . . .

Protection largely responsible for the high cost of living.

It is not true that the Democratic tariff policy breeds panics.

The Democratic party aims to lighten the burdens of the consumer.

173. Tariff principles of the Republican party¹

The Democrats in power.

The Democratic party won the presidential election of 1912, and Woodrow Wilson was installed as President. The Democrats proceeded to apply their tariff principles, and the result was the Underwood-Simmons act of 1913. This measure reduced the tariff duties on some important commodities, and placed a number of articles on the free list. The Democrats also won the presidential election of 1916, but during President Wilson's second term there were indications that the Republicans would shortly return to power. It is important, therefore, to notice the tariff principles of the Republican party, as enunciated in 1920:

The Underwood-Simmons act of 1913.

Republican tariff principles.

The Ways and Means Committee of the present Republican Congress and the Senate Finance Committee have recognized that the present abnormal situation in foreign trade and the international exchange precludes any comprehensive tariff program or revision until conditions governing the future of our foreign trade can be predicted with greater certainty.

Confidence in the protective principle.

There never has been any doubt concerning the principle underlying the Republican tariff policy. Our platform for 1920 says: "The Republican party reaffirms its belief in the protective principle and pledges itself to a revision of the tariff as soon as conditions shall make it necessary for the preservation of the home market for American labor, agriculture and industry."

Uncertainty due to the World War.

The immediate application of that principle will require new wisdom and new knowledge of the present abnormal international trade situation. Therefore, our platform of 1920 combines its pledge of loyalty to the principle of protection with its statement concerning international trade: "The uncertain and unsettled condition of international balances, the abnormal economic and trade situation of the world, and the impossibility of forecasting accurately even the near future, preclude the formulation of a definite program to meet conditions a year hence." . . .

What Senator Harding said on the tariff in his keynote speech as Chairman of the Republican National Convention in Chicago in 1916

¹ From the Republican National Committee, *Republican Campaign Text-book*, 1920; pp. 487-489.

shows how firmly he believes in the principles of protection. . . . The following extracts from his 1916 Chicago speech are worth repeating:

Senator Harding declares the Republican party responsible for our high standard of living.

"Subsistence is the first requisite of existence, and we have the higher American standard of living because of the Republican protective policy which makes of Americans the best paid workmen in all the world. . . .

"It is not for me to put the stamp of relative importance on pending issues — the intelligent voters will determine that for themselves. But I know what they are thinking, and they believe that the protective policy which made us industrially and commercially eminent is necessary to preserve that eminence. I know they want it restored and maintained. For myself I prefer a protective and productive tariff which prospers America first. I choose the economic policy which sends the American workingmen to the savings bank rather than to soup-houses. . . .

He believes the people want a protective policy.

"Moreover, I like the abiding consistency of our unchangeable position upon this policy. The Republican Convention of 1860, which gave to the nation and all history the nomination of Lincoln, made this simple and ample utterance: 'That, while providing revenue for the support of the General Government by duties upon imports, sound policy requires such an adjustment of these imports as to encourage the development of the industrial interests of the whole country; and we commend that policy of national exchanges which secure to the workingmen liberal wages, to agriculture remunerating prices, to mechanics and manufacturers an adequate reward for their skill, labor, and enterprise, and to the nation commercial prosperity and independence.' . . .

He reaffirms the traditional tariff policy of the Republican party.

"The Democratic party is always concerned about the American consumer. Our Republican achievement is the making of a nation of prospering producers, and by producers I mean every human being who applies muscle or skill or brain or all to the conversion of nature's abundance into the necessities and luxuries of life or participate in the ways and means of their transportation and exchange. Far better a high cost of living and ability to buy than a lowering of cost by destruction of purchasing capacity. . . .

The Republicans are concerned about producers, not consumers.

"The nations abroad and the Democratic party at home are

Republican tariff principles are being accepted at home and abroad.

bearing witness to Republican wisdom. German industrial self-reliance is the sequence of her adoption of a Republican protective tariff, and England's manifest conversion to this fostering plan will magnify the prophetic wisdom of Republican protectionists. Even the Democratic party is penitent now and makes confession in action if not in words. . . ."

174. Relation of the tariff to national prosperity¹

Difficulty of ascertaining the effect of the tariff upon national prosperity.

From the two foregoing selections it would appear that the Democratic party believes the well-being of the country to depend rather largely upon the maintenance of a relatively low tariff, while the Republicans believe that relatively high protection has been an important cause of our national prosperity. The large number of factors in industrial history, and the impossibility of measuring many influences in our economic life, render it impossible to say just what is the relation of the tariff to national prosperity. Nevertheless, it is interesting to note that a leading authority on the tariff, Professor Taussig, believes that there is no definite relation between the tariff and national prosperity. He says:

The protective policy.

In the United States a severely protective tariff was maintained for half a century after the Civil War. The financial exigencies of the war caused high duties to be levied, and in subsequent years these were retained. A rigid and all-inclusive system of protection grew up, and persisted without serious modification (barring a brief reaction in 1894-97) until 1913, when a considerable general reduction was made.

Our prosperity not due to continued protection, but to

The economic effects of this system it is impossible to follow empirically. We have seen that its effects on the terms of international exchange are so interwoven with those of other factors that no unraveling is possible. Even more baffling is the task of following or measuring its effects on general prosperity. The protectionists, on this subject as on the rate of wages, have preached and protested that all good things come from their tariff. Such talk results naturally from the exigencies of partisan conflict and the need of simple argu-

¹ From Frank William Taussig, *Principles of Economics*. The Macmillan Company, New York, 1921. Vol. I; pp. 538-540.

ments for the mass of voters. So loud and persistent has been the talk that for many persons, even for many who are not unintelligent or uneducated, it has become an article of faith that the prosperity of this country rests on the protective tariff.

Yet there is no greater delusion. A multitude of factors explain our general welfare — vast resources, a far-spread division of labor within the country, a free, active, and intelligent population. Has not this North American region been for centuries, under all sorts of economic and political conditions, the envy of the world?

a multitude
of other
factors.

But to trace in detail the part played by any one factor in promoting or retarding the enviable outcome is well-nigh impossible. Certain it is that, so far as the tariff is concerned, we must rely on general reasoning. The first and obvious effect of protection is to turn industry into less advantageous channels; and there is, in my judgment, no good case to rebut this general conclusion and to establish a balance of gain, from such a tariff system as the United States has had since the Civil War. . . .

The extent to which manufacturing industry in the United States is dependent on the tariff system is vastly exaggerated by the protectionists. One would suppose, from their doleful predictions, that not a chimney would smoke but for the tariff. In fact, the United States is certain to be a great manufacturing country under any conditions. So much is assured by its wonderful resources of coal and minerals and by the ingenuity and enterprise of its people. . . .

The extent
to which
manufactur-
ing depends
upon the
tariff is ex-
aggerated
by both
protection-
ists

But this same consideration indicates that the free traders went too far in ascribing ill effects to all the parts of the protective system. It did not change the course of industry as far as their charges implied. The country would be prosperous, and would have greatly diversified industries, without a high tariff as certainly as with it.

and free
traders.

Questions on the foregoing Readings

1. Upon what instinct does international trade depend?
2. To what extent is international trade regarded as different from trade between various regions in the same country?
3. Upon what differences is permanent trade based?
4. Illustrate the effect upon international trade of these differences.

5. Why will a country often import a commodity which it can produce at home?
6. What would happen if there were no artificial hindrances to the exchange of products between countries?
7. Give two reasons for the regulation of international trade.
8. What does the Constitution say as to export taxes?
9. Illustrate the difference between duties for revenue, and duties for purposes of protection.
10. Show how a revenue tariff may afford some protection.
11. Show how a protective tariff may yield some revenue.
12. Why was a Tariff Commission created in 1916?
13. What is the general purpose of this Commission?
14. What are the duties of the Commission with respect to the customs administrative laws?
15. Why does the Commission make a study of foreign tariffs?
16. What is the third and in some respects the most important of all the duties of the Commission?
17. Give some of the steps in the survey of commodities, as conducted by the Tariff Commission.
18. Why is it possible somewhat to predict the effects upon the tariff of a change in administration?
19. What type of tariff is declared by the Democratic party to be unconstitutional?
20. What is the attitude of the Democratic party toward the Republican tariff policy?
21. What, according to the Democrats, is the relation between protection and the cost of living?
22. Summarize the tariff principles of the Republican party as expressed in 1920.
23. Outline the position of Senator Harding in 1920 with respect to the tariff.
24. How did Senator Harding reply to the statement that the Democratic party desires to lighten the burden of the consumer?
25. Why is it difficult to ascertain the effect of the tariff upon national prosperity?
26. Explain the conclusions of Professor Taussig on this point.

CHAPTER XXX

CONSERVATION

175. Why conservation of natural resources is necessary¹

In the earlier decades of our national history, the abundance of land, minerals, forests and other natural resources was so great that they were used generously and even lavishly. To a considerable extent such use was economically justified; nevertheless the shortage of these resources has recently called attention to the need of conserving them. The conservation movement began toward the close of the last century, but until after 1900 made relatively little headway. Realizing the urgency of the problem, President Roosevelt in 1908 called a Conference of Governors of the states and territories of the United States to consider this important question. On May 13, 1908, the President opened the Conference with an address to the governors and other guests, speaking, in part, as follows:

I welcome you to this Conference at the White House. You have come hither at my request, so that we may join together to consider the question of the conservation and use of the great fundamental sources of wealth of this nation. . . .

This Conference on the conservation of natural resources is in effect a meeting of the representatives of all the people of the United States called to consider the weightiest problem now before the nation; and the occasion for the meeting lies in the fact that the natural resources of our country are in danger of exhaustion if we permit the old wasteful methods of exploiting them longer to continue. . . .

In Washington's time anthracite coal was known only as a useless black stone; and the great fields of bituminous coal were undis-

The conservation movement made little headway until President Roosevelt called a Conference of Governors in 1908.

President Roosevelt welcomes the delegates.

Importance of conservation.

¹ From the Conference of Governors in the White House, Washington, D. C., May 13-15, 1908. *Proceedings*. Washington, 1909; pp. 3, 5-8.

The situation in Washington's day.

covered. As steam was unknown, the use of coal for power production was undreamed of. Water was practically the only source of power, save the labor of men and animals; and this power was used only in the most primitive fashion. But a few small iron deposits had been found in this country, and the use of iron by our countrymen was very small. Wood was practically the only fuel, while the forests were regarded chiefly as obstructions to settlement and cultivation. The man who cut down a tree was held to have conferred a service upon his fellows. . . .

Significance of the rapid development of the United States.

Since then our knowledge and use of the resources of the present territory of the United States have increased a hundredfold. Indeed, the growth of this nation by leaps and bounds makes one of the most striking and important chapters in the history of the world. Its growth has been due to the rapid development, and alas, that it should be said! to the rapid destruction, of our natural resources. Nature has supplied to us in the United States, and still supplies to us, more kinds of resources in a more lavish degree than has ever been the case at any other time or with any other people. Our position in the world has been attained by the extent and thoroughness of the control we have achieved over Nature; but we are more, and not less, dependent upon what she furnishes than at any previous time of history since the days of primitive man. . . .

The great material question of to-day.

The wise use of all of our natural resources, which are our national resources as well, is the great material question of to-day. I have asked you to come together now because the enormous consumption of these resources, and the threat of imminent exhaustion of some of them, due to reckless and wasteful use . . . calls for common effort, common action. . . .

Rapid exhaustion of resources.

This nation began with the belief that its landed possessions were illimitable and capable of supporting all the people who might care to make our country their home; but already the limit of unsettled land is in sight, and indeed but little land fitted for agriculture now remains unoccupied, save what can be reclaimed by irrigation and drainage — a subject with which this Conference is partly to deal. We began with an unapproached heritage of forests; more than half of the timber is gone. We began with coal fields more extensive than those of any other nation and with iron ores regarded

as inexhaustible, and many experts now declare that the end of both iron and coal is in sight. . . .

We have become great in a material sense because of the lavish use of our resources, and we have just reason to be proud of our growth. But the time has come to inquire seriously what will happen when our forests are gone, when the coal, the iron, the oil, and the gas are exhausted, when the soils shall have been still further impoverished and washed into the streams, polluting the rivers, denuding the fields, and obstructing navigation. These questions do not relate only to the next century or to the next generation. One distinguishing characteristic of really civilized men is foresight; we have, as a nation, to exercise foresight for this nation in the future; and if we do not exercise that foresight, dark will be the future! [Applause.] . . .

The time has come for conservation.

176. Declaration of the Conference of Governors¹

During the three days of the Conference of Governors numerous papers and discussions on the subject of conservation were offered. On the last day of the conference, the committee on resolutions submitted a declaration which was unanimously adopted by the members of the Conference as embodying their conclusions on the question of conservation. This declaration was as follows:

The committee on resolutions submits a declaration

We, the Governors of the States and Territories of the United States, in conference assembled, do hereby declare the conviction that the great prosperity of our country rests upon the abundant resources of the land chosen by our forefathers for their homes and where they laid the foundation of this great nation.

Our prosperity dependent upon natural wealth.

We look upon these resources as a heritage to be made use of in establishing and promoting the comfort, prosperity, and happiness of the American people, but not to be wasted, deteriorated, or needlessly destroyed.

Resources must not be wasted.

We agree that our country's future is involved in this; that the great natural resources supply the material basis on which our civilization must continue to depend, and on which the perpetuity of the nation itself rests.

¹ From the Conference of Governors in the White House, Washington, D. C., May 13-15, 1908. *Proceedings*. Washington, 1909; pp. 192-194.

These resources threatened with exhaustion.

We agree, in the light of facts brought to our knowledge, and from information received from sources which we can not doubt, that this material basis is threatened with exhaustion. Even as each succeeding generation from the birth of the nation has performed its part in promoting the progress and development of the Republic, so do we in this generation recognize it as a high duty to perform our part; and this duty in large degree lies in the adoption of measures for the conservation of the natural wealth of the country. [Applause.]

Necessity of coöperation.

We declare our firm conviction that this conservation of our natural resources is a subject of transcendent importance, which should engage unremittingly the attention of the nation, the states, and the people in earnest coöperation. These natural resources include the land on which we live and which yields our food; the living waters which fertilize the soil, supply power, and form great avenues of commerce; the forests which yield the materials for our homes, prevent erosion of the soil, and conserve the navigation and other uses of our streams; and the minerals which form the basis of our industrial life, and supply us with heat, light, and power.

Measures recommended.

We agree that the land should be so used that erosion and soil-wash shall cease; that there should be reclamation of arid and semi-arid regions by means of irrigation, and of swamp and overflowed regions by means of drainage; that the waters should be so conserved and used as to promote navigation, to enable the arid regions to be reclaimed by irrigation, and to develop power in the interests of the people; that the forests which regulate our rivers, support our industries, and promote the fertility and productiveness of the soil should be preserved and perpetuated; that the minerals found so abundantly beneath the surface should be so used as to prolong their utility; that the beauty, healthfulness, and habitability of our country should be preserved and increased; that the sources of national wealth exist for the benefit of the people, and that monopoly thereof should not be tolerated. [Applause.]

The President commended.

We commend the wise forethought of the President in sounding the note of warning as to the waste and exhaustion of the natural resources of the country, and signify our high appreciation of his action in calling this conference to consider the same and to seek

remedies therefor through coöperation of the nation and the states. [Applause.]

We agree that this coöperation should find expression in suitable action by the Congress within the limit of and coextensive with the national jurisdiction of the subject, and, complementary thereto, by the legislatures of the several states within the limits of and coextensive with their jurisdiction.

We declare the conviction that in the use of the natural resources our independent states are interdependent and bound together by ties of mutual benefits, responsibilities and duties. [Applause.] . . .

Let us conserve the foundations of our prosperity. [Great Applause.] . . .

The call
for coöpera-
tion.

177. A National Conservation Association formed ¹

The Conference of Governors recognized that effective direction of the conservation movement would necessitate a national organization to coördinate the numerous forces involved in the movement. The outcome of this feeling was the appointment of a National Conservation Commission, which prepared the first inventory of our natural resources which was ever made. This commission was short-lived, but the need for some coöordinating organization was increasingly great. To meet this need a group of public-spirited citizens in 1909 organized the National Conservation Association, the nature and aims of which are explained in the following selection:

Need of a
coöordinating
agency in
conservation
leads to the
formation
of the
National
Conservation
Association.

The National Conservation Association is fighting for the prompt and orderly development of our natural resources, for the welfare of ourselves and our children, and for the rights of the plain people. The Association is bound neither by political considerations nor official connections. It is free to speak the whole truth.

What the
Association
is fighting
for.

That conservation means the use of our natural resources for the benefit of us all and not merely for the profit of a few is already household knowledge. The task which the National Conservation Association has set itself is to get this principle put into practical effect. . . .

The headquarters of the Association are in Washington. Central

¹ From the National Conservation Association, Publicity pamphlet entitled *National Conservation Association, What It Is*. Washington, 1909.

The organization of the Association.

offices are necessary, and Washington, as the seat of the Federal Government, is the best place for them. But it is realized that to take the fullest advantage of its opportunity for national service, the Association must do its work not merely from and in Washington, but in the closest possible touch with the friends of conservation and the local questions which confront them throughout the United States. To this end the Association is uniting in effort with other organized bodies, state and individual, which stand for conservation. . . . By organized leadership in the conservation movement the Association brings to the wise settlement of local conservation questions, by legislation or otherwise, the prompt support of other forces enlisted in the fight for conservation.

Appointment of collaborators.

Another exceedingly effective method followed by the Association for increasing its field of usefulness is through the appointment of collaborators for towns and cities. These local representatives of the Association are men and women, prominent in the conservation movement, who are willing to give their own time and effort in acting as sources from which is spread a knowledge of the work and purpose of the Association. . . .

What the Association is doing.

Through these agencies and through its counsel the Association is keeping watch upon all legislation within the conservation field. It is drafting and recommending both to Congress and to state legislatures good laws for conserving our natural resources. Through its bulletins the Association is telling its members promptly and plainly when and how to strike. These bulletins deal simply and without reservation with conservation measures pending or proposed. If a bill promotes conservation the Association will tell the truth about it, no matter who its author may be or what interests are behind it.

The influence of the Association upon legislation is already making itself felt. But its work has only begun. Only if the friends of conservation stand shoulder to shoulder can that work be finished in time.

178. The principles of conservation ¹

If the resources of the nation are really to be conserved, we shall have to do something more than draw up or formulate mere state-

¹ From the National Conservation Association, *Statement of Principles*. Washington, 1909.

ments of principles; on the other hand, the magnitude and complexity of the problem render it necessary to get principles and issues clearly in mind before specific legislation is advocated. It is, therefore, important to formulate and summarize the principles which ought to govern conservation. One of the most concrete statements of principles is that of the National Conservation Association, formulated in 1909. This statement is as follows:

Importance of clearly defined principles as a prelude to legislative work.

[The following measures are important]:

The protection of the source waters of navigable streams, through the purchase or control by the nation of the necessary land within their drainage basins, especially in the southern Appalachians and the White Mountains.

Conservation measures recommended by the National Conservation Association with respect to forests,

The enactment and enforcement, both by the nation and by the several states, of effective laws to prevent, by active patrol during dry weather, and by other appropriate means, the spreading of fire in all forests, whether publicly or privately owned.

The reasonable but effective public regulation of timber cutting on forest land, whether publicly or privately owned, the conservation of which is essential to the public welfare.

The separation, for purposes of taxation, of the timber from the land on which it grows, so that the forest crop shall be taxed only when it is harvested, while the land shall be taxed every year.

The support and extension of practical forestry.

The preparation, by a commission appointed by the President of the United States, of a comprehensive plan for waterways improvement, extending to all the uses of the waters and the benefits to be derived from their control, including navigation, with the relation of railroads and terminals thereto, the development and disposition of water power, the irrigation of arid lands, the drainage of swamp and overflowed lands, the control of floods, the prevention of soil wash, and the purification of streams for water supply.

waters,

[The inclusion, in all future grants of water power rights, of provisions which will adequately protect the rights of the state and nation.] . . .

The support and extension of the irrigation of arid lands and the drainage of swamp and overflowed lands.

The directing of public attention to the need for preserving the

fertility of our soils, and thus protecting the future food supply of our people.

The enactment of legislation whereby the title to the surface of public lands and to the minerals therein shall be granted separately, with every appropriate facility to miners to acquire such part of the surface as may be needed in the development of their claims.

The conservation and control of the unappropriated public range lands by the government in the interests of the stockman and home maker, and subject at all times to homestead entry.

and
minerals.

The retention by the government of the title to all lands still in public ownership which contain phosphate rock, coal oil, or natural gas, and the development of the same by private enterprise, under conditions that will prevent extortion and waste.

The enactment of appropriate legislation to prolong our coal supply, to reduce waste in mining, and to establish sufficient safeguards against the loss of life in mines. . . .

The measures
enumerated
above do
not exhaust
the aims of
the Asso-
ciation.

The foregoing enumeration is intended to indicate the general character of some of the measures which this organization believes should be adopted to carry the principles of conservation into practical effect. It will, however, coöperate in every appropriate way with other organizations and with the state and national officials to cover the entire field of the conservation and development of our natural resources, and to bring to this coöperation the vigorous support of an intelligent and disinterested citizenship.

179. The legal basis of conservation ¹

Importance
of the legal
basis of
conservation.

An important element in the conservation movement is the legal right of state governments to regulate privately-owned natural resources within their borders. Wishing this phase of the situation to be clearly defined, the Senate of the State of Maine in 1907 submitted to the Supreme Court of the commonwealth certain questions as to the right of the legislature to check and prevent the uneconomical use of privately owned resources. The opinion of the Court was that the property rights of the individual are subordinate

¹ Questions submitted by the Senate of the State of Maine to the justices of the Supreme Judicial Court of Maine, March 27, 1907, with the answers of the justices thereon. (103 Maine, 506.)

to the rights of the community, and that the waste of privately owned resources may properly be prevented by state legislation. Some extracts from the opinion of the Court follow:

Opinion of the Maine Supreme Court:

We find that the legislature has, by the constitution, "full power to make and establish all reasonable laws and regulations for the defense and benefit of the people of this state, not repugnant to this constitution nor that of the United States." It is for the legislature to determine from time to time the occasion and what laws and regulations are necessary or expedient for the defense and benefit of the people; and however inconvenienced, restricted, or even damaged particular persons and corporations may be, such general laws and regulations are to be held valid unless there can be pointed out some provision in the state or United States Constitution which clearly prohibits them. . . .

Preliminary statement as to the power of the legislature.

[With regard to the status of private property rights, we refer to the opinion of Chief Justice Shaw, expressed as follows]:

"We think it a settled principle, growing out of the nature of well-ordered civil society, that every holder of property, however absolute and unqualified may be his title, holds it under the implied liability that his use of it may be so regulated that it shall not be injurious to the equal enjoyment of others having an equal right to the enjoyment of their property, nor injurious to the rights of the community. All property in this commonwealth . . . is derived directly or indirectly from the government and held subject to those general regulations which are necessary for the common good and general welfare. Rights of property, like all other social and conventional rights, are subject to such reasonable limitations in their enjoyment as shall prevent them from being injurious, and to such reasonable restraints and regulations established by law as the legislature, under the governing and controlling power vested in them by the constitution, may think necessary and expedient. . . ."

Private individuals may not use their property in such a way as to injure the rights of the community.

There are two reasons of great weight for applying [a] strict construction of the constitutional provision to property in land:

Why the public may control and limit the use of private property.

First, such property is not the result of productive labor, but is derived solely from the state itself, the original owner;

Second, the amount of land being incapable of increase, if the owners of large tracts can waste them at will without state restric-

tion, the state and its people may be helplessly impoverished and one great purpose of government defeated. . . .

Conclusion
of the
Court.

The foregoing considerations lead us to the opinion [that the legislature of the state of Maine has the power to enact legislation designed to prohibit, restrict, or regulate the utilization of privately owned natural resources, where such prohibition, restriction or regulation is necessary to the protection of the public interest.]

180. Needed conservation legislation ¹

Much has
been done,
but much
more re-
mains to
be done.

Since the historic Conference of Governors in 1908, the movement for the conservation of natural resources in the United States has become national in scope. Notable progress has been made toward conserving forests, water power, land, and minerals. Nevertheless, the conservation movement is still in its infancy, and the amount of work to be done greatly exceeds the amount already accomplished. In the conservation of forests, for example, much progress has been made, yet this phase of the movement is retarded by the lack of helpful legislation. In 1920 the Forest Service in the United States Department of Agriculture summed up the need for legislation on forest conservation as follows:

Federal
legislation
needed with
respect to
fire pro-
tection and
forest
renewal,

Legislation is needed . . . which will enable the Forest Service to assist the respective states in fire protection, methods of cutting forests, reforestation, and the classification of lands as between timber production and agriculture. It should carry an initial annual appropriation of not less than \$1,000,000, expendable in coöperation with the states, with a proviso that the amount expended in any state during any year shall not exceed the expenditures of the state for the same purposes. . . .

the ex-
tension and
consolidation
of Federal
forest
holdings,

Legislation is needed . . . which will permit the rapid enlargement of the national forests and the consolidation of existing forest units for more effective administration. This legislation should:

(a) Continue the purchase of forest or cut-over lands, as initiated under the Weeks Act, with annual appropriations of at least \$2,000,000.

¹ From the United States Department of Agriculture, Department Circular 112, *Timber Depletion and the Answer*. Washington, June, 1920; pp. 10-16.

(b) Authorize the Secretary of Agriculture to exchange national forest land, timber, or transferrable timber certificates for private timbered or cut-over land within or adjoining existing national forests.

(c) Withhold from any form of alienation, except under the mineral laws, all lands now in government ownership or control but not embraced in national forests or national parks, including canceled patents or grants, unreserved public lands, and Indian and military reservations, which are valuable chiefly for the production of timber or protection of watersheds, and all lands of similar character hereafter revested in or acquired by the United States; and authorize the President upon recommendation of the National Forest Reservation Commission, or otherwise, to incorporate such lands in national forests. . . .

The current appropriations of the Forest Service should provide for the progressive reforestation of denuded lands in national forests to be completed in not more than 20 years, with a yearly sum beginning at \$500,000 and increasing to \$1,000,000 as soon as the work can be organized on that scale. . . .

reforestation
of denuded
Federal
lands,

Legislation carrying a moderate appropriation is needed which will authorize the Secretary of Agriculture to study the effects of the existing tax methods and practices upon forest devastation, to devise model laws on forest taxation, and to cooperate with state agencies in promoting their adoption. [Forest insurance should also be studied.]

and the
study of
forest tax-
ation and
insurance.

[The following state legislation on forests is recommended]:

State laws should provide for the organized protection of all forest lands in the state, during periods of fire hazard, the protected areas to include all cut-over and unimproved land as well as bodies of timber. The protective system should include patrols during dry weather, lookout stations, fire breaks and roads where effective, and organized fire-fighting forces. . . . Police regulations for the control of fire during dry periods in connection with railroad or industrial operations near forest land, land clearing or slash disposal, hunting, etc., and for the control of incendiarism, form an essential feature of the protective system.

State
legislation
needed with
respect to
fire pre-
vention and
reforestation,

State laws should establish the responsibility of owners of forest

land for complying with such equitable requirements as may be determined upon and promulgated by the proper state agency, dealing with precautions against forest fires, the disposal of slashings, methods of cutting timber or of extracting particular forest products, such as naval stores or pulpwood, and such other equitable requirements as the authorized state agency shall determine upon as necessary to prevent devastation. . . .

and state
and munic-
pal forests.

Supplementing the policy of forest acquisition by the Federal government, every state, including states in the prairie region, should acquire forest land or lands adapted to tree growth and provide systematically for the planting of such areas as will not otherwise restock with timber of valuable species. . . . State laws should encourage the acquisition of forest lands by municipalities, to the end that public forest ownership may be extended by any agencies capable of undertaking it. . . .

Questions on the foregoing Readings

1. In what period of our history did the conservation movement begin?
2. What important step toward conservation was taken by President Roosevelt in 1908?
3. What problem was considered by the Conference of Governors?
4. Compare the use of natural resources in the days of Washington with their use in recent times.
5. When is conservation necessary? Why?
6. What did the committee on resolutions of the Conference of Governors say as to the need of coöperation in the conservation question?
7. What remedial measures were recommended by this committee?
8. What service was performed by the National Conservation Commission?
9. Why was the National Conservation Association formed?
10. What is this association fighting for?
11. Outline the organization of the association.
12. What is the relation between the formulation of principles of conservation and remedial legislation?
13. Outline the conservation measures recommended by the National Conservation Association with respect to forests.
14. What measures were recommended with respect to water?
15. What measures were recommended with respect to land?

16. What measures were recommended with respect to minerals?
17. What is the importance of determining the legal status of conservation?
18. What did the Maine Supreme Court say as to the general powers of the state legislature?
19. What, in the opinion of the Court, are two reasons why the public may control and limit the use of private property?
20. What was the conclusion of the Court with respect to the power of the legislature to control the use of natural resources?
21. Outline some needed Federal legislation with respect to fire protection and forest renewal.
22. Outline some needed Federal legislation with respect to the extension and consolidation of Federal forest holdings.
23. What Federal legislation is needed with respect to the reforestation of denuded lands?
24. Outline the state legislation needed with respect to fire prevention and reforestation.
25. What recommendations are made by the United States Forest Service with respect to needed legislation on state and municipal forests?

CHAPTER XXXI

CREDIT AND BANKING

181. The function of the commercial bank¹

Importance
of the
commercial
bank.

There are many types of financial agencies in any modern industrial community, but probably the most important of these is the commercial bank. During the last few decades, an increasingly large amount of the nation's business has been carried on with the help of this agency. Professor H. G. Moulton has tried to explain the rise of the commercial bank by the story of the goldsmith. In former times, people with surplus money began the practice of leaving their funds with the goldsmith, and drawing out sums, as they needed them, by means of checks. Professor Moulton continues:

The goldsmith who is becoming a banker notices that some of the deposits are not called for,

Every day people present orders or checks drawn by the different depositors against their respective accounts. To my surprise, [the goldsmith is speaking] I learn that about three times out of four the man who presents the order does not withdraw cash, but instead asks for a credit account with me against which he can draw checks when he wishes to make payments. Everybody remarks how much more convenient and how much less risky it is when one does not have to transfer the actual money.

and so decides to put these out on short-time loans.

I ponder over the fact that only once in four times does anyone ask for cash. I have \$100,000 with which to pay \$100,000 in claims against me, but I am never called upon to pay more than \$25,000 at one time. Why not, therefore, loan \$75,000 at interest and increase my profits? I try this and find that my ability to pay \$100,000 is not impaired so long as I make short-time loans of a kind that are sure to be paid promptly when they fall due. So long as only one dollar in four is called for in cash, a 25 per cent reserve of specie is all that is necessary.

Finally I get a new idea. Instead of loaning \$75,000 of my cash,

¹ From the United States Department of the Interior, Bureau of Education. *Lessons in Community and National Life*. Washington, 1918. Series A; pp. 189-192.

why not plan to keep the whole \$100,000 as a reserve and . . . create claims against me equal to \$400,000? I try out this idea. I loan \$300,000 to business men. I give them credit accounts against me, and for the sake of convenience they write checks against these accounts rather than withdraw the actual money when they wish to make payments. I find that the people who receive the checks are no more desirous of taking away cash than were the people with whom I dealt before. Now, as formerly, one-fourth of the checks are presented for cash and three-fourths are deposited with me as credit accounts. Thus I carry a total of \$400,000 and need only \$100,000 actual cash with which to pay. Since most people prefer a credit account I am able to meet all claims with my cash reserve of 25 per cent of my outstanding accounts.

The business is expanded.

Commercial banks to-day make loans to business men amounting to billions of dollars annually. These loans are mainly for short periods, and business men use them largely for working capital rather than for plants and equipment. The modern business manager . . . borrows funds on short time with which to buy raw materials for manufacture and stocks of merchandise for sale. It is the function of the commercial bank to furnish this working capital.

The function of the commercial bank.

In the loaning of funds the banker has to exercise a great deal of judgment. If he loans to business men who are inefficient, or dishonest, or engaged in lines of business which are speculative in their nature, he may find that his loans are not repaid at the date of maturity. There may be heavy losses involved, which reduce the banker's profits. Even slow payments are looked upon with disfavor by the banker because his ability to expand his own obligations as described above depends largely upon the certainty and promptness with which his debtors pay him. The banker therefore makes a careful study both of the borrower and of his business before a loan is granted. . . .

The banker as a judge of business activities.

182. Our banking system before 1913¹

Since Civil War days the basis of our financial organization has been the national banking system. This system was highly defective

¹ From the National Citizens' League for the Promotion of a Sound Banking System, *Banking Reform*. The National Citizens' League, etc., Chicago, 1912; pp. 7-9, 12.

Before 1913
our banking
system was
highly
defective.

until amended by the Federal Reserve Act of 1913. Prior to 1913 the great majority of national banks were national in name only. Except for the rather loose association of the banks in the clearing houses of our principal cities, most of these banks were independent units, each working for itself. There was little teamwork. The banks were sufficiently dependent upon one another to render one sensitive to the financial condition of other institutions, but there was no adequate method by which the strong banks in the system could extend aid to banks temporarily embarrassed. This important point was developed in the 1912 report of the National Citizens' League for the Promotion of a Sound Banking System, as follows:

Before 1913,
small banks
customarily
redeposited
a large
share of
their reserves
in larger
banks.

Under the terms of the National Banking Act, no bank is permitted to establish branches. [This was written in 1912, before the passage of the Federal Reserve Act.] Every bank is presumably an independent institution. . . . Country banks are required to hold a reserve equal to 15 per cent of their outstanding liabilities, and may re-deposit nine per cent of it with reserve city banks. They thus retain in their own vaults, at the minimum, cash equal to only six per cent of their outstanding liabilities. The reserve city banks [in turn] . . . are required to hold a reserve equal to 25 per cent of their outstanding liabilities, [but] may re-deposit one-half of this . . . with banks in central reserve cities. . . .

Extent of
this practice.

As a matter of fact the banks have availed themselves of this reserve provision very extensively, and much of the present so-called reserves consists not of cash in their vaults but of deposits in other banks in reserve cities. At a recent date of report to the Comptroller of the Currency, about 551 millions of dollars represented the total reserve held by country banks, while of this sum only 246 millions was actually in the possession of these banks in the form of lawful money. All the national banks of the country had reserves of 1,404 millions, of which only 862 millions was actual lawful money in hand.

Inter-
dependence
of the banks.

[Thus the smaller banks are profoundly interested in the condition of the banks in which they have deposited a large share of their reserves. To the latter] they look for the resources which will enable them to fill up their own reserves in times of sudden demand for payment. To them they look for accommodation through direct

loans, or through the discounting of paper, or through some one of the various methods which are employed for granting relief to the smaller institutions when the stronger and larger banks are in position to afford such aid.

Conversely, the city banks look with interest to the outside institutions as the source of deposits which they expect to use in times of financial ease and slack business in the country, for the purpose of facilitating transactions in the cities and general financial operations.

[Thus the banks are intimately connected with one another, in fact, they are inter-dependent, so that the distress of one bank may affect all of the banks with which it has business relations. The difficulty is that these banks, though inter-dependent, have no way of helping one another when the distress of one threatens to work a hardship on other institutions.] The larger banks have scanty means of knowing the details of one another's affairs and no means at all of enforcing their own ideas upon one another in any case. The smaller banks, while to an extent overseen and influenced by the larger, are not in touch with one another or able to judge of the movement of credit in the operations of the other institutions. . . .

Distress
for one
bank may
mean
distress
for all.

The fundamental defect of the national banking system is [that it is] a series of banks artificially grouped. Because of the lack of coöperative or fundamental relationships between the institutions, it is not possible for them to exercise any general policy with reference to the control of reserves, the fixing of rates of discount, or the granting of loans. They can only act independently of one another, and the well-conducted institutions must, therefore, suffer from the mistakes of others whose conduct tends to arouse suspicion or alarm in the mind of the public. Because of this situation, it will be seen, the national banking system as at present conducted is in a sense a breeder of panics, while it fails entirely to grant any adequate relief from these commercial convulsions. . . .

The
fundamental
defect in our
banking
system prior
to 1913.

183. The panic of 1907¹

If we confine our attention to the defect brought out in the preceding selection, it will be seen that an important objection to our

¹ From the National Monetary Commission, *History of Crises under the National Banking System*. Washington, 1910; pp. 253-256, 258-259.

Panics in
American
history prior
to 1913.

banking system prior to 1913 was this: the banks were dependent upon one another, but such dependence was unsafe because of the lack of any machinery which would enable the banks effectively to help one another in time of stress. Several notable panics have illustrated this weakness of the old national banking system. The failure of the national banking system to meet emergency situations during the panic of 1907 is described by Professor O. M. W. Sprague in the following selection:

Runs upon
three New
York banks
in October,
1907.

On Wednesday, October 23 [1907], a run began on the Trust Company of America [New York City], the second of the trust companies in size, having deposits of \$64,000,000. . . . The company withstood a run which continued for two weeks, during which it paid out some \$34,000,000; on Wednesday and Thursday paying \$12,000,000 and \$9,000,000. The Trust Company of America and also the Lincoln Trust Company, upon which a run began on Thursday, were assisted . . . [chiefly] because it was clear that the foundation of the entire credit structure was endangered. The steps taken, however, were slow and the means adopted were not sufficiently clear in import to restore general confidence. . . .

Money
becomes
tight.

During the three days of heavy runs upon the trust companies New York was threatened with a general panic, and a number of other trust companies experienced runs of varying degrees of severity. A few small mismanaged banking institutions in the outskirts of the city were forced to suspend. Depositors began to withdraw money from savings banks, and [the latter] were obliged to exercise their right to require sixty days' notice. Loans could be secured only with extreme difficulty and the fall in stock exchange prices . . . was alarmingly violent. . . . The strenuous efforts that were made to relieve the situation were but partially successful, because they lacked the authority and backing of the Clearing House Association. As in the case of the Trust Company of America, the relief afforded was of a piecemeal character without any certainty of its continuance. . . .

Pressure
upon the
clearing-
house banks.

During the three days of heavy runs upon the trust companies the strain upon the clearing-house banks was very severe, as they had to furnish most of the money required by the trust companies, whose reserves had been deposited with them. At the same time they

were shipping money to the interior banks, and they also suffered some loss from payments to their own frightened depositors. . . .

Had New York been a city with only local responsibilities it is probable that the disturbance would have gone no further; but, as in 1873 and in 1893, the disasters in New York had caused alarm to spread throughout the country. [There] came telegraphic demands from all over the country, including the other central reserve cities, for the calling of loans and the shipment of currency. . . . Everywhere the banks suddenly found themselves confronted with demands for money by frightened depositors; everywhere, also, banks manifested a lack of confidence in each other. Country banks drew money from city banks and all the banks throughout the country demanded the return of funds deposited or on loan in New York. The evidence of lack of confidence in and between the banks is clear, and it points to a serious difficulty in carrying on banking in this country. . . .

Alarm .
spreads
throughout
the country.

Outlying
banks
demand
the reserves
which they
had de-
posited in
the New
York banks.

184. The Federal Reserve System ¹

Following the panic of 1907, there was widespread agitation for the reform of our banking system. Banking systems in European countries were investigated, and the defects of our national banking system were thoroughly studied. As the result of a great deal of discussion and compromise, there was enacted on December 23, 1913, the Federal Reserve Act, which amended and strengthened our national banking system. This act marked a compromise between a centralized and a decentralized system, *i.e.* it allowed our banking system to remain decentralized, but it guaranteed some of the fundamental advantages of a centralized and coördinated banking system. The general organization of this new Federal Reserve System is described by Professor Sprague as follows:

As a result
of the panic
of 1907, the
Federal
Reserve
Act of 1913
is passed.

The primary purpose of the Federal Reserve Act of December 23, 1913, is to make certain that there will always be an available supply of money and credit in this country with which to meet unusual banking requirements. Banks of a new class, to be known as Federal Reserve Banks, are to be established, and upon these banks is to

Purpose
of the Act.

¹ From the *Quarterly Journal of Economics*, Vol. XXVIII, February, 1914. O. M. W. Sprague. "The Federal Reserve Act of 1913"; pp. 213-215, 223-224, 226-227.

rest the heavy responsibility of supporting the structure of credit in periods of financial strain. The new banks are expected to keep themselves in a condition of such strength in ordinary times that the other banks may safely rely upon them for all needed cash and credit in emergencies.

In the past, the banks in this country, when subjected to financial pressure, have relied mainly upon loan contraction and the selling of securities. In the future it is expected that they will resort to the Federal Reserve Banks, securing additional funds from these by rediscounting commercial loans. . . .

Duties and
powers of
the Federal
Reserve
Banks.

The Federal Reserve Banks are to exercise wide powers, and would seem likely to have ample resources. The country is to be divided into not less than eight, nor more than twelve districts, in each of which a Federal Reserve Bank is to be established. All national banks are required, and qualified state banking institutions are invited, to subscribe to the capital of the Reserve Bank of their district.

Subscribing banks, to be known as member banks, are required to keep a part of their reserve with their Federal Reserve Bank. . . .

[The Federal Reserve Banks] will provide an elastic currency, issuing notes secured by their commercial assets. They are also empowered to undertake the business of collecting and clearing checks throughout the entire country, thus providing an organization for making settlements between banks in different places, the lack of which has been one of the most serious defects in our banking system.

Each Federal
Reserve
Bank a
central bank.

Each Federal Reserve Bank will be a central bank for the section of the country which it is to serve. It will have all of the responsibilities and most of the powers of central banks in the various European countries. . . .

The Federal Reserve Banks are to receive deposits from the government and from member banks only. Ordinarily they will lend to member banks only. . . .

Provisions
of the Act
with regard
to member
banks.

National banks are required, and properly qualified state banks are invited, to signify their acceptance of the terms of the act. . . . Each national bank must subscribe to the capital of the Reserve Bank of its district an amount equal to six per cent of its capital and surplus. . . .

[The whole system is to be supervised and controlled by the Federal Reserve Board,] to consist of seven members; the Secretary of the Treasury and the Comptroller of the Currency *ex officio*, and five members appointed by the President. . . . Of the five appointed members, at least two must be persons experienced in banking or finance. Not more than one shall be appointed from any Federal Reserve district, and due regard is to be given to the different commercial, industrial and geographical divisions of the country. The term of office of the appointed members is ten years; but those first selected are to serve one for two, one for four years, and so on, so that the term of office of one member may expire every two years. . . .

The Federal Reserve Board.

Organization of the system will be complete with the selection of the members of the Federal Advisory Council. This Council is to consist of as many members as there are Federal Reserve districts, the board of directors of each Federal Reserve Bank selecting one member. The function and powers of the Council are purely consultative. It is to meet regularly four times each year at Washington, and at other times there or elsewhere if deemed necessary by the Council itself. It is authorized to confer directly with the Federal Reserve Board, to call for information, and make oral or written representations concerning matters within the jurisdiction of the Federal Reserve Board. . . .

The Federal Advisory Council and its function.

185. Centralization under the Federal Reserve System ¹

At the time of the panic of 1907, the United States had the largest supply of gold of any country in the world. The difficulty was that under the old national banking system this supply of gold was ineffective, because widely scattered. A second difficulty was that our reserves were not only scattered, but were immobile. There was no effective way of quickly gathering them together and massing them at the points of financial danger. These two difficulties the Federal Reserve System overcomes by provision for, first, the centralization of bank reserves, and, second, the mobility of those reserves. The following discussion of this subject is by Dr. Kemmerer:

The Federal Reserve System provides for the centralization and mobility of bank reserves.

¹ From Edwin Walter Kemmerer, *The A B C of the Federal Reserve System*. Princeton University Press, Princeton, N. J., 1920; pp. 36-42, 48-49.

Member
banks must
maintain
their entire
legal reserve
in the
Federal
Reserve
Bank of
their district.

[At the present time] every bank, banking association or trust company belonging to the Federal Reserve System [must] maintain its entire legal reserve in the form of a deposit at the Federal Reserve Bank of its district. . . . [Thus commercial banks belonging to the system no longer tie] up their legal reserve money by depositing it in the banks of our money market centers, there to be loaned out at call to speculators on the stock and produce exchanges. This divorcing of the legal reserves of nearly 8,000 commercial banks from the speculative and capital loans of the stock market . . . is one of the big achievements of the Federal Reserve System. The Federal Reserve law, as amended, recognizes only one form of legal reserve, and that is a member bank's deposit in its Federal Reserve Bank.

This secures
the district
centralization
of reserves.

Member banks may keep as much or as little cash on hand for till money as they wish to. They may keep balances in other banks if it suits their convenience to do so — all that is their own affair for which their responsibility is to their stock holders and their customers — but their legal reserve, the reserve which the Government looks upon as the minimum below which the public interest demands that banks should not go, that reserve must all be kept on deposit in Federal Reserve Banks, the nation's reservoirs of reserve money. . . .

Mobility of
reserves

A corollary to the district centralization of reserves is their mobilization. Reserve money must not only be piped into a few large reservoirs, but these large reservoirs must be piped together, and there must be a pumping engine of sufficient power to force the reserves promptly and in large quantities to any place desired. The Federal Reserve System creates just this machinery. [It provides for the mobility of reserves, first, between the different districts of the system, and second, between the different member banks of any one district. Mobility of reserves between different Federal Reserve districts is provided for in a number of ways, notably as follows:]

between
different
Federal
Reserve
districts,

In case there is an exceptionally heavy demand for reserve money in any section of the country — a demand heavier than the banks of that section can reasonably meet — the reserve banks in other sections where money is more plentiful will come to the rescue, either voluntarily or under compulsion [by the Federal Reserve Board], and will rediscount the paper of the reserve bank in the

section under financial stress. This process, of course, will cause a flow of cash from the reserves of the former banks to the reserve of the latter, thereby easing the money market in the threatened section. . . . [Thus] the reserves of the twelve reserve banks are so closely piped together . . . that they may reasonably be considered to be closely connected tanks of a single large reservoir. . . .

[There is also provision for the mobility of reserves between the banks of a single Federal Reserve district.] The forces which act for the increasing mobility of reserve money within the boundaries of a Federal Reserve district are essentially the same as those just explained for that between districts. Obviously [commercial] paper of wide acceptability flows from place to place within a district more freely than paper whose merits are less widely recognized; and, within a district as between districts, the widely marketable paper flows from the places where the discount rates are high and bank funds scarce, to the places where the rates are low and funds are more plentiful. Furthermore, the bank reserves of the district which have been piped to the one reservoir, namely, the Federal Reserve Bank, can be readily pumped to the banks of any section where funds are in heavy demand.

and between
the member
banks of
any one
Federal
Reserve
district.

If banks throughout the district were rediscounting in moderate sums with the Federal Reserve Bank, and if a sudden emergency should cause an exceptionally heavy demand for funds in any section, the Federal Reserve Bank could raise its rate of discount, thereby reducing the rediscount demands of the banks less urgently in need of the funds, and could then turn larger amounts into the section where the demand was heaviest. . . .

186. Elasticity under the Federal Reserve System¹

In addition to providing for the centralization and mobility of bank reserves, the Federal Reserve Act secures a considerable degree of elasticity. Elasticity means that the amount of money or credit will increase when a great deal of business is being transacted, and will decrease when business becomes slack. We have seen that under the Federal Reserve System, the reserves of the several districts

In addition
to the
centralization
and mobility
of reserves,
there is
elasticity of
money and
credit.

¹ From Edwin Walter Kemmerer, *The A B C of the Federal Reserve System*. Princeton University Press, Princeton, N. J., 1920; pp. 50-53, 55-56, 61, 64-65.

can be centralized and piped to banks where they are needed; it remains to be pointed out that there must be provision for enlarging the amount of money or credit when the mechanism of exchange is called upon to handle a great volume of business, and that when business has subsided there must be some way of reducing the amount of money and credit in circulation. Elasticity under the Federal Reserve System is explained by Dr. Kemmerer as follows:

Bank-note
currency:

[First, the elasticity of the bank-note currency is secured by] the so-called Federal Reserve notes. These notes, which are obligations of the United States Government, and [are issued by the] Federal Reserve Banks, have back of them specifically pledged with the Federal Reserve agent to the amount of 100 per cent certain forms of high-grade collateral. . . . Except under special circumstances, . . . a gold reserve of not less than 40 per cent must be kept by each Federal Reserve Bank against its outstanding Federal Reserve notes. . . .

how it may
be expanded

As regards the matter of elasticity, these notes have in a high degree the quality of expansibility, namely, of having their circulation easily increased in times of need. If member banks in a given section of the country need an increased supply of currency to meet local demands, they may rediscount eligible paper with their Federal Reserve Bank and take the proceeds of the rediscounts in Federal Reserve notes, which pass readily as hand-to-hand money and are satisfactory till money for the banks. The Federal Reserve Bank, if its supply of notes is inadequate, secures, on application to the federal reserve agent, additional notes by depositing with the agent the rediscounted paper or other eligible paper in its portfolio. This process may continue as long as the Federal Reserve Bank has paper available for deposit with the Federal Reserve agent and its gold reserve does not fall below the normal legal minimum of 40 per cent. In case of great emergency, however, the Federal Reserve Board may permit a reduction of the note reserve below 40 per cent, provided it imposes a graduated tax upon the amount of the deficiency. . . .

and
contracted.

For the purpose of contracting the circulation of Federal Reserve notes when the business demands for currency decline, the machinery is as follows. When the demand for notes in the pockets of the people and the tills of the merchants falls off, as it does, say, after

the harvesting season in the autumn, the surplus notes are deposited by the public in the banks. Inasmuch as national banks cannot count these notes in their vaults as legal reserve money, they will tend to send to their Federal Reserve Banks for deposit any notes they receive in excess of the amount needed for till money. Notes which were issued by the Federal Reserve Bank of the district may thus be withdrawn from circulation. . . . Another device calculated to encourage the retirement from circulation of bank notes whenever they become redundant is the provision of the law authorizing the Federal Reserve Board to charge such a rate of interest as it may deem desirable on Federal Reserve notes uncovered by gold or gold certificates issued to Federal Reserve Banks. . . .

The most important device of the Federal Reserve System for securing elasticity of deposit currency, as well as of bank-note currency, is found in the machinery enabling member banks to borrow funds of their Federal Reserve Bank. Funds so borrowed, when left on deposit with the Federal Reserve Bank, serve as legal reserve money for the member banks. The making of such loans to member banks is one of the chief functions of Federal Reserve Banks. [Member banks may secure these loans either by rediscounting eligible paper at the Federal Reserve Bank of their district, or by borrowing from the Federal Reserve Bank on the security of certain types of collateral.] . . .

Deposit
credit:

how it may
be expanded

The contraction of deposit currency, as soon as the need for it falls off, is brought about by the pressure of high discount rates, to which the pressure of the graduated tax is added. This double pressure encourages borrowers to pay off their loans. This fact, and the increasing restrictions which Federal Reserve Banks place upon rediscounts as money market conditions become easier, tend to contract the circulation of deposit currency and restore the reserves to a normal condition. . . .

and
contracted.

Some critics of the Federal Reserve System believe that the machinery it provides for contracting both deposit and bank-note currency, in times of currency redundancy, needs strengthening. [However this may be], there is no question but that the Federal Reserve System has added greatly to the elasticity of both our deposit currency and our bank-note currency.

A criticism.

Questions on the foregoing Readings

1. Explain the importance of the commercial bank.
2. Trace the steps by which a banker discovers that he can safely loan out money left with him for safe-keeping.
3. What is the chief function of the commercial bank?
4. What is meant by saying that the banker must exercise a great deal of judgment in loaning funds?
5. Explain what is meant by the statement that before 1913 our banking system was a system in name only.
6. To what extent did the smaller banks formerly deposit a large share of their reserves with larger banks?
7. Explain how this creates a feeling of inter-dependence among the banks.
8. Why was this inter-dependence dangerous?
9. Name a panic which clearly illustrated the defects of the national banking system as it existed prior to 1913.
10. Trace the beginnings of financial distress in New York during the earlier part of this panic.
11. What happened when alarm spread through the country?
12. Why was the Federal Reserve Act of 1913 passed?
13. What was the purpose of this act?
14. What, in brief, are the duties and powers of the Federal Reserve Banks?
15. Explain the organization of the Federal Reserve Board.
16. What is the function of the Federal Advisory Council?
17. Why must member banks keep all of their legal reserve in the Federal Reserve Bank of their district?
18. May they keep any reserves in other banks? Explain.
19. Explain what is meant by the district centralization of reserves.
20. Show how the Act of 1913 provides for the mobility of bank reserves between (a) different districts, and (b) between the different banks of a single district.
21. Why must the supply of money and credit be elastic?
22. Show how the bank-note currency may be (a) expanded and (b) contracted under the Act of 1913.
23. How may deposit credit or deposit currency be expanded and contracted under the Act?
24. What criticism has been brought against the Federal Reserve System with respect to the contraction of deposit and bank-note currency?

CHAPTER XXXII

TAXATION

I

187. Defects of American taxation¹

There can be no doubt but that discontent with our taxation system is steadily increasing. Not only is the increasing cost of government demanding greater and greater revenues, but the failure to change our taxation policies to keep pace with the growing complexity of our industrial life renders more and more inadequate our traditional methods of taxation. In brief, more is demanded of our taxation system than ever before, but that system is unable to respond effectively. American taxation systems are highly defective, as Professor Seligman points out in the following selection:

Increasing discontent with our taxation system.

What, then, are the chief difficulties in our tax system which are coming more and more to be recognized everywhere throughout the length and breadth of the land? I should sum them up under eight heads.

The eight defects of American taxation:

First and foremost is the breakdown of the general property tax, which is almost everywhere still the chief reliance of state and local government. The general property tax works well only amidst most primitive conditions, for which alone it was calculated. . . . The administration of the general property tax is everywhere attended with increasing difficulty, and in our large industrial centers it has become, to use the words of a recent tax report, "a howling farce."

(1) the breakdown of the general property tax,

Second, a growing lack of equality in tax burdens, not only as between classes in the community, but as between individuals of the same class. . . .

(2) inequality in tax burdens,

Third, the application to general purposes of what was intended

¹ From *State and Local Taxation*, First National Conference, November 12-15, 1907. *Addresses and Proceedings*. Edwin R. A. Seligman, "The Separation of State and Local Revenues." The Macmillan Company, New York, 1908; pp. 486-489.

(3) inade-
quacy of
local
assessment,

to be only a local revenue. All direct taxation was originally local in character, and the assessment of property for local taxation was at the outset a comparatively simple matter. When the need for state revenues made itself felt, it was obviously expedient to tack on to this local taxation a quota for general purposes. But with the great development of state functions, and with the breakdown of the local barriers of commerce and industry, what was originally equal soon turned into inequality, and the attempt to fetter interlocal or even interstate business conditions by the bonds of purely local assessment has proved to be a fruitful source of difficulty.

(4) lack of
proper
corporation
taxes,
(5) the
franchise
evil,

Fourth, the failure to make modern corporations bear their fair share of taxation. . . .

Fifth, the failure to secure adequate compensation from individuals and corporations alike for the franchises and privileges that are granted by the community. An earnest effort is being made at present throughout the length and breadth of the land to repair this defect. . . .

(6) undue
burden on
the farmer,

Sixth, the undue burden cast upon the farmer. Practically, this is the problem of taxation in many of our rural districts and in all agricultural communities where the failure of an adequate revenue system and of the readjustment of social resources makes it impossible to secure good schools or fairly decent roads without overburdening what is, after all, the chief source of American prosperity.

(7) inter-
ference with
business,

Seventh, the interference with business, due to the partial and spasmodic enforcement of antiquated laws. Witness the attempt in some states suddenly to levy the mortgage tax, as recently in New York, where the entire building industry was thrown into confusion; or the attempt in other states to enforce . . . property [taxes] on businesses which led to a change in the location of the business rather than to any increase of revenue. . . .

and (8) in-
adequate
taxes on
great wealth.

Eighth, the failure to make great wealth contribute its due share. In former times, where property was fairly equally distributed and conditions simple, inequalities in tax burdens were slight and unperceived. Before the huge aggregations of modern wealth, the crude tax machinery of earlier days stands impotent. And yet we hug ourselves with the delusion that all that is necessary is to patch up the old machinery, whereas what is really needed is to throw the

old machinery on the scrap heap, and to utilize entirely new and modern instruments and processes.

188. Breakdown of the general property tax¹ 2

As Professor Seligman has pointed out in the above selection, the breakdown of the general property tax is first and foremost among the defects of American taxation. Wherever extended investigations of this tax have been made, the conclusion has always been that it is thoroughly inadequate as a source of revenue, and that it is unqualifiedly evil in its effects upon both assessors and taxpayers. Some of the defects of the general property tax are brought out in the following extract from a committee report to the Fourth International Conference on State and Local Taxation, held in Milwaukee, in 1910:

Failure of
the general
property tax.

There are two reasons why the general property tax has failed in operation. First, because under modern conditions it cannot be enforced effectively. Secondly, because of a more or less conscious recognition of the fact that strict enforcement would result in a still greater injustice than now prevails.

Two reasons
for the
failure of
the general
property tax:

[First, as to impracticability of enforcement]:

Under modern conditions, much property that is valuable to its individual owner . . . is in a form that permits of easy evasion. The paper evidences of ownership of property which the general property tax system seeks to reach in the hands of the owner, can readily be concealed, or there can be a colorable transfer of title. Credits and debts can be juggled. Visible personal property can be temporarily transferred into another district or state. Where the taxpayer makes his own return, he can undervalue or omit some of his property. If the assessor tries to inventory the property he may overlook much of it and fail to estimate the value of that which he does find. . . .

(1) the im-
practicability
of enforce-
ment,

[Second, as to the injustice of strict enforcement]:

Public opinion almost invariably recognizes the unfairness of taxing all property by the same rule and at the same rate, whenever

* and (2) the
injustice of
strict
enforcement.

¹ From State and Local Taxation, Fourth International Conference, August 30 to September 2, 1910. *Addresses and Proceedings*. International Tax Association, Columbus, Ohio, 1911; pp. 307-310.

a strict enforcement of the law is attempted. The abstract demand for the taxation of all property alike then gives place to concrete indignation over the actual results. It is always some unknown "they" who ought to be made to pay on everything "they" own.

But the property which the assessor does find, often is, in the opinion of its owners, either greatly overvalued, or has been "singled out," or is otherwise quite improperly on the rolls. This attitude of the average property owner is an unconscious resentment at the unfairness of the general property tax theory. The attempt to tax all property at a uniform standard of valuation and at the same rate, regardless of its special characteristics, earning power, or the benefits derived from the expenditures of government, violates the primary rules of just taxation and offends the natural sense of justice. . . .

Conclusions.

To sum up, your Committee finds:

That the general property tax system has broken down;

That it has not been more successful under strict administration than where the administration is lax;

That in the states where its administration has been the most stringent, the tendency of public opinion and legislation is not toward still more stringent administration, but toward a modification of the system;

That the same tendency is evident in the states where the administration has been more lax;

That the states which have modified or abandoned the general property tax show no intention of returning to it;

That in the states where the general property tax is required by constitutional provisions, there is a growing demand for the repeal of such provisions.

We conclude, therefore, that the failure of the general property tax is due to the inherent defects of the theory;

That even measurably fair and effective administration is unattainable; and that all attempts to strengthen such administration serve simply to accentuate and to prolong the inequalities and unjust operation of the system.

189. The taxation of corporations¹

3

There is a widespread feeling among tax experts that under our present laws, business corporations are not made to bear their full share of the tax burden. The chief reason for this feeling is that our tax laws are largely the legacy of primitive conditions, and so do not adequately weigh upon such recent developments as corporate business. The corporation has recently become an important source of wealth, but our tax laws have not yet taken general notice of this new source of revenue. Some of the striking elements in this situation are discussed in the following extract from the proceedings of a taxation conference held in Indiana in 1910:

Why corporations are inadequately taxed.

While in primitive society property may be the best available test of ability in taxation, the true test is always ability and not property. . . . The ability and the duty of the owner of property to support the government to the same extent and for the same reason that he supports himself and his family is measured most fairly and accurately by income or productive ability.

The test of tax-paying ability.

As society develops, economic and industrial conditions become more complex, property and industry assume more varied forms, and the capacity of the individual or corporation can no longer be fairly determined merely by property ownership. Whether a person is supporting his family on a salary income or from property investments he is equally able and responsible for the support of the government. . . . Property, therefore, must be classified as to its form and productive capacity if we are to have a fair, uniform and comprehensive system of taxation, based on ability to pay and universal in its application. . . .

Significance of industrial changes.

The bulk of our intangible property, which has generally escaped paying its fair share of taxes and which is increasing . . . out of all proportion to other property . . . is invested or deposited with corporations. The general tendency and natural effect of corporate investment is to concentrate property for the purpose of increasing its earning capacity; thereby collecting into a relatively few organizations or industrial systems, practically all of the intangible, together with a large portion of the tangible, property.

Relation of corporate development to intangible property.

¹ From Indiana University, Extension Division, *Proceedings of a Conference on Taxation in Indiana*, February 5 and 6, 1914. Bloomington, Indiana, 1914; pp. 52-54.

The proper way of taxing corporations is to ignore the stockholders and the actual property of the corporation,

and to levy upon the income or earning capacity of the corporation.

Conclusion.

The small number of corporations as compared to the large number of owners of their securities affords a most compelling argument of convenience and economy for the taxation of the corporation rather than its securities in the hands of their numerous and widely scattered owners, many of whom are never found, so that the portion who are taxed are required to pay in addition to their own fair share of taxes an even greater amount which belongs to the owners of those securities which are not returned, with a resultant rate of taxation imposed on that portion actually paying, frequently approaching the earning capacity of the security itself.

By taxing all such intangible property at its source or the place of investment, the expense and difficulty of assessing and collecting the tax would be reduced to a minimum and the tax could be practically uniformly levied and universally collected. . . . In other words, let us take the income or earning capacity of the corporation as the measure of its duty and ability to pay taxes and not attempt the impossible and inequitable assessment of its stock or property as such, especially when so much of the property is intangible in form and so incapable of assessment except on the basis of income or earning capacity. . . .

A tax on corporations measured by corporate income should include every subject of taxation that is legitimately taxable from the economic point of view, for income covers all property and reflects all value necessarily and properly belonging to the corporation. As income or earning capacity determines the value of the property belonging to corporations and furnishes the best measure of tax-paying ability, why not tax it as such, or use it directly as the measure of value in assessing such property? It is fixed and definite, not susceptible of evasion, easily and conveniently ascertained at slight expense to the state as well as to the corporation itself, and furnishes a practical basis of assessment. . . .

190. Social significance of taxation¹

There is no more significant development in recent tax discussions than the proposal to use income and inheritance taxes as a method

¹ From Theodore Roosevelt, *Annual Message to Congress*, December 3, 1907.

of leveling the inequalities of wealth. Not all students of the subject admit the desirability of taxes designed to level the inequalities of wealth, but certainly there is no doubt but that there is an increasing tendency to use taxes for this purpose. In a message to Congress, December 3, 1907, President Roosevelt noted and approved this tendency in the following words:

Growing tendency to use taxes to level the inequalities of wealth.

When our tax laws are revised the question of an income tax and an inheritance tax should receive the careful attention of our legislators. In my judgment both of these taxes should be part of our system of Federal taxation. I speak diffidently about the income tax because one scheme for an income tax was declared unconstitutional by the Supreme Court; while in addition it is a difficult tax to administer in its practical working, and great care would have to be exercised by the very men whom it was most desirable to have taxed, for if so evaded it would, of course, be worse than no tax at all; as the least desirable of all taxes is the tax which bears heavily upon the honest as compared with the dishonest man. Nevertheless, a graduated income tax of the proper type would be a desirable feature of Federal taxation, and it is hoped that one may be devised which the Supreme Court will declare constitutional.¹

President Roosevelt advocates a Federal income tax,

The inheritance tax, however, is both a far better method of taxation, and far more important for the purpose of having the fortunes of the country bear in proportion to their increase in size a corresponding increase and burden of taxation. The Government has the absolute right to decide as to the terms upon which a man shall receive a bequest or devise from another, and this point in the devolution of property is especially appropriate for the imposition of a tax. Laws imposing such taxes have repeatedly been placed upon the national statute books and as repeatedly declared constitutional by the courts. . . .

as well as a Federal tax on inheritances.

These principles are recognized already in the leading civilized nations of the world. In Great Britain all the estates worth \$5,000 or less are practically exempt from death duties, while the increase is such that when an estate exceeds five millions of dollars in value

The inheritance tax is being used in European countries,

¹ Since the above message was written, an amendment to the Federal Constitution has been passed, permitting the levy of a Federal income tax directly upon the people. — *Editor*.

and passes to a distant kinsman or stranger in blood the Government receives all told an amount equivalent to nearly a fifth of the whole estate.

[Similar taxes are applied in France and Germany.]

and ought
to be ap-
plied by our
Federal
Government.

There is no reason why in the United States the National Government should not impose inheritance taxes in addition to those imposed by the states, and when we last had an inheritance tax about one-half of the states levied such taxes concurrently with the National Government, making a combined maximum rate, in some cases as high as 25 per cent. . . .

Social
significance
of heavy
taxes on
large
fortunes.

A heavy progressive tax upon a very large fortune is in no way such a tax upon thrift or industry as a like tax would be on a small fortune. No advantage comes either to the country as a whole or to the individuals inheriting the money by permitting the transmission in their entirety of the enormous fortunes which would be affected by such a tax; and as an incident to its function of revenue raising, such a tax would help to preserve a measurable equality of opportunity. . . . Our aim is to recognize what Lincoln pointed out: The fact that there are some respects in which men are obviously not equal, but also to insist that there should be an equality of self-respect and of mutual respect, and equality of right before the law, and at least an approximate equality in the conditions under which each man obtains the chance to show the stuff that is in him when compared to his fellows. . . .

191. Need of thorough study of the tax problem¹

The real-
ization of
the defects
of American
taxation
has been
followed by
piecemeal
reform.

A study of American taxation reveals two widespread tendencies: In the first place, there is an increasing tendency for tax experts and tax officials everywhere to admit that American taxation is highly defective. In the second place, there is a more or less definite tendency to attack the tax problem by advocating specific reforms. Many states have, in this way, solved important phases of the tax problem, and yet the conviction is growing that the tax problem is so complicated and so fundamental that it cannot properly be solved

¹ From Indiana University, Extension Division, *Proceedings of a Conference on Taxation in Indiana*, February 5 and 6, 1914. Bloomington, Indiana, 1914; pp. 163-165.

without a wholesale reorganization of the tax system. The necessity of approaching this reorganization through a state-wide survey of the whole field of taxation is set forth in the following address by Mr. John A. Lapp before the 1914 conference on taxation in Indiana:

One thing is evident, that is, that we cannot settle this problem by piecemeal. It must be taken in its complete aspects. It must be solved as a unit in order that the system shall be comprehensive and at the same time honest and fair. If we want to get that sort of a system, we cannot depend upon individual initiative, either of private citizens or of public officials. Nor can we depend upon the unaided efforts of the General Assembly. Each man, whether he be a private citizen or an office holder, has many more problems to consider and can give only a minimum of time to the thought and effort which are necessary to work out the matter to its final analysis.

But the problem of taxation cannot be settled by piecemeal.

We must depend, therefore, upon some organization, or somebody working exclusively and efficiently to the end of collecting, analyzing, and setting forth the main facts which must underlie the solution of this problem. The work requires long study. It requires expert assistance. It requires the opinions of men in every walk of life, and it requires that all the facts shall be gathered together and set forth in such manner that out of the facts may come a logical and complete system of taxation. . . . We shall need a special investigation representing all classes of people who are concerned with this problem, who shall be appointed for reasons of knowledge, experience and interest in working out from the accumulated experience of this and other states an adequate and fair system of taxation for the State of Indiana.

Need of a thorough investigation of the subject.

Such an investigation must be thorough, or else it might better not be had. A partial solution of the problem is not what we are after. Nothing short of a full survey and a practical and complete working plan of taxation will satisfy the state permanently. . . . We do not want to substitute some different system of taxation just merely because it is different. We want, rather, to comprehend and solve the whole problem, but, most of all, we want to make the people of the state comprehend it. The best system cannot be adopted, nor will it work, unless the people have been educated to its purposes, and are willing to educate themselves to its administration.

Importance of this.

Groups
which ought
to be repre-
sented on a
tax com-
mission.

This investigation must be fairly representative of men of all the classes that are interested. Such a commission, I should think, should be composed of a representative of the tax-paying class. . . . We ought to have a representative from the business interests of the state, and a representative of agriculture, and above all we ought to have a representative from the State Tax Board itself, which is charged with the duty of administering the law, and is familiar with all the details and defects in the actual administration of the law of the state. We also need men who will look at the thing from a large standpoint, men who will look at it from the standpoint of the professor of political economy, if you will. . . .

The results
of the in-
vestigation
must not be
concealed,

Such a body as that — and I just merely suggest an outline — could investigate the subject for Indiana. . . . I have seen a great many investigations in this state and other states which surveyed the facts in certain fields. After the facts were gotten they were quietly concealed in ponderous volumes or in the offices of the Capitol, or in some other place. The people did not get hold of the facts. They did not have a chance to study them. . . .

but must
reach the
people.

[This is the wrong way to do things.] We must take everybody into our confidence. We must try to educate everybody on this subject; and when we have done that . . . I dare say we will come to the conclusion . . . that we ought to have a comprehensive change in the tax system in Indiana; that no matter how good the system of taxation may have been a few years ago, it is not adequate at the present time, and it is not adequate for the rapidly changing future. . . .

192. Some principles of taxation ¹

Importance
of a firm
grasp of the
fundamental
principles of
taxation.

In the study of taxation, nothing is more important than a firm grasp of the basic principles which underlie a sound taxation system. The development of new objectives in taxation, and the increase in the number of factors involved in the problem, have not been without their effect upon taxation ideals. Nevertheless, there are certain basic principles which are still vital, and which under any system of taxation ought seriously to be taken into account. No one has

¹ From Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*. London, 1776. Book v, Chapter II, Part II.

more aptly expressed these principles than Adam Smith, writing a century and a half ago, as follows:

Before I enter upon the examination of particular taxes, it is necessary to premise the four following maxims with regard to taxes in general.

The four principles of taxation:

1. The subjects of every state ought to contribute toward the support of the government, as nearly as possible, in proportion to their respective abilities; that is, in proportion to the revenue which they respectively enjoy under the protection of the state. The expense of government to the individuals of a great nation is like the expense of management of the joint tenants of a great estate, who are all obliged to contribute in proportion to their respective interests in the estate. . . .

(1) the payment of taxes according to ability.

2. The tax which each individual is bound to pay ought to be certain, and not arbitrary. The time of payment, the manner of payment, the quantity to be paid, ought all to be clear and plain to the contributor and to every other person. . . .

(2) a tax ought to be certain and not arbitrary.

3. Every tax ought to be levied at the time, or in the manner, in which it is most likely to be convenient for the contributor to pay it. A tax upon the rent of land or of houses, payable at the same term at which such rents are usually paid, is levied at the time when it is most likely to be convenient for the contributor to pay; or, when he is most likely to have wherewithal to pay. Taxes upon such consumable goods as are articles of luxury, are all finally paid by the consumer, and generally in a manner that is very convenient for him. He pays them by little and little, as he has occasion to buy the goods. As he is at liberty too, either to buy, or not to buy, as he pleases, it must be his own fault if he ever suffers any considerable inconveniency from such taxes.

(3) a tax ought to be levied so as to suit the convenience of the contributor.

4. Every tax ought to be so contrived as both to take out and to keep out of the pockets of the people as little as possible, over and above what it brings into the public treasury. . . . A tax may either take out or keep out of the pockets of the people a great deal more than it brings into the public treasury. . . . First, the levying of it may require a great number of officers, whose salaries may eat up the greater part of the produce of the tax, and whose perquisites may impose another additional burden upon the people. Secondly,

(4) a tax should take from the people as little as possible over and above what it brings into the public treasury.

it may obstruct the industry of the people, and discourage them from applying to certain branches of business which might give maintenance and employment to great multitudes. While it obliges the people to pay, it may thus diminish, or perhaps destroy, some of the funds which might enable them more easily to do so. . . .

Questions on the foregoing Readings

1. How do you account for the increasing discontent with our taxation system?
2. What is meant by the "breakdown of the general property tax"?
3. To what extent is local assessment inadequate?
4. How may taxes unduly interfere with business?
5. Name the foremost defects of American taxation.
6. Give two reasons for the failure of the general property tax.
7. Why is it impracticable to enforce the general property tax?
8. Why is strict enforcement of the general property tax unjust?
9. Summarize the case against the general property tax.
10. Why are corporations inadequately taxed in this country?
11. What is the true test of tax-paying ability?
12. What is the relation of corporate development to intangible property?
13. How should we deal with the problem of taxing corporations?
14. What is the significance of income and inheritance taxes?
15. What was President Roosevelt's judgment as to the status of income and inheritance taxes?
16. Which did he consider more important, the income or the inheritance tax?
17. Name some European countries in which the inheritance tax is used.
18. What is the social significance of heavy taxes on large fortunes?
19. How has the taxation problem been attacked in many states?
20. Why are the results unsatisfactory?
21. What is the necessity of a thorough survey of the tax problem?
22. Name some groups or classes which ought to be represented in this survey.
23. What should be done with the results of such an investigation or survey?
24. What is the importance of a firm grasp of the principles of taxation?
25. What four maxims or principles of taxation are mentioned by Adam Smith?

b. MAKING GOVERNMENT EFFECTIVE

CHAPTER XXXIII

WHO SHALL SHARE IN GOVERNMENT?

193. The suffrage in colonial times¹

A striking fact in the history of suffrage in the United States is the rapid extension of the vote since colonial days. Data are incomplete, but there is no doubt but that a relatively small proportion of adults exercised the vote previous to the American Revolution. In the earlier part of our colonial history, suffrage qualifications were vague and indefinite. Gradually, by means of legislative action, additional and more specific qualifications were imposed. In the following extracts, Dr. Cortlandt F. Bishop discusses the suffrage in colonial times:

In colonial times the suffrage was narrowly restricted.

Colonial qualifications for the suffrage:

1. *Ethnic*. — Race qualifications were not prescribed by statute, except in the southern colonies. I know of no law that would prevent an Indian or a Negro, if otherwise qualified, from voting in the northern colonies. [At a late date, however, Negroes and even Indians were barred from the suffrage in some of the southern states.] (1) ethnic,
2. *Political*. — Qualifications of this sort were rarely prescribed by statute. In Pennsylvania, voters were required to be natural born subjects of England; in Delaware, of Great Britain. . . . Massachusetts after 1664 required freemen to be Englishmen, while in North Carolina there was the peculiar provision that "no person inhabitant of this province, born out of the allegiance of his majesty and not made free," could vote. . . . (2) political,
3. *Moral*. — Moral qualifications were insisted on only in New England, though Virginia denied the franchise to any "convict or person convicted in Great Britain or Ireland during the term for which he is transported." . . . In the New England colonies moral delinquencies had a double effect. Evidence of a positive character was (3) moral,

¹ From Cortlandt F. Bishop, *History of Elections in the American Colonies*. New York, 1893; pp. 51-54, 56, 59-61, 64-66, 69-70.

at one time necessary before a person could be admitted to the freedom of the colony, while the absence of correctness in moral behavior would, in certain cases, lead to the suspension of a freeman from his privileges or even to his total disfranchisement. [What constituted correct moral behavior was variously interpreted in the different colonies.] . . .

- (4) religious, 4. *Religious*. — In Massachusetts and also in the New Haven colony freemen were required to be church members. [Rhode Island required a profession of Christianity, but barred Roman Catholics from the vote.] . . . In South Carolina a statute enacted in 1716 required voters to profess the Christian religion.

[There were also religious qualifications of a negative sort.] For instance, Quakers were strictly debarred from becoming freemen in Massachusetts, and in Plymouth. . . . It seems to have been the rule in most of the American colonies that Roman Catholics could not vote. [In New York and in South Carolina there is] evidence tending to prove that Jews could not legally vote.

- (5) age, 5. *Age*. — It may be stated as a general proposition that electors were required to be twenty-one years of age. . . .

- (6) sexual, 6. *Sexual*. — There seems to have been no women's rights party in the colonies; it was thus not found necessary to debar expressly women from the privilege of voting, except in Virginia. . . .

- (7) residential, 7. *Residential*. — In the early history of each colony there was, as has already been explained, very little definiteness in regard to the qualification of voters. [Still there is evidence to show] that residence within the government, province or territory, was generally required. . . .

- (8) and property, 8. *Property*. — The property qualification in the American colonies is a subject of great importance. The qualifications mentioned in the preceding sections were for the most part confined to particular portions of the continent. . . . [On the other hand,] in every province, whether royal or proprietary, there was introduced, beginning in the latter part of the seventeenth century, some sort of property qualification, and the tendency during the middle of the eighteenth century was toward a certain amount of uniformity in this respect throughout the colonies. . . . [The amount of property required, however, varied widely among the different colonies.] . . .

194. The demand for universal suffrage¹

Colonial standards of suffrage were largely carried over into our earlier national history, and in 1789 probably less than five per cent of the American people were permitted to vote. After the opening of the nineteenth century, however, there was a growing agitation for the extension of the suffrage. One of the important arguments advanced in favor of a wider suffrage was the doctrine of natural rights, according to which all men are born free and equal, and are entitled to certain fundamental rights of which they may not be deprived. How this doctrine was applied to the question of suffrage is illustrated in the following extract from an address before the Rhode Island Constitutional Convention of 1834, at a period when the restricted suffrage in that state was a source of ill-feeling and serious dissension:

We contend then, *That a participation in the choice of those who make and administer laws is a natural right; which cannot be abridged, nor suspended any farther than the greatest good of the greatest number imperatively requires.*

And this greatest good is not that of any portion of the people, however large, but of the whole population of a state. It may seem strange that a fundamental truth like this, which contains the very life-blood and vitality of a republican government, should be called in question at the present day, and in our own country. But it is nevertheless true that there are those, who, while they yield a formal and guarded deference to this great doctrine, yet in their reasoning and practice destroy all the force of their hollow and doubtful admission; and maintain doctrines, which, if followed out to their legitimate consequences, would justify almost any exercise of irresponsible and unjust power. . . .

Government was first formed by the act, and with the consent of those who were to be governed, given either expressly, or by acquiescence. And what did government confer upon those who established it? Here lies the radical error of those who contend that all

Application of the doctrine of natural rights to the question of the suffrage.

Suffrage a natural right.

This fundamental truth ignored.

Government rests upon the consent of the governed,

¹ From an *Address to the People of Rhode Island, assembled in Constitutional Convention in 1834*. "Chiefly written by Thomas W. Dorr," Providence, 1834; pp. 26, 28-29.

but previous
to the estab-
lishment of
government
there existed
a natural
right to

life,

personal
liberty,

property,

the pursuit
of happiness,

and to de-
cide upon
one's par-
ticipation in
government.

Suffrage
a natural
right.

political rights are the creatures of the political compact. Those reasoners will tell you about rights created by society. We wish to ask previously what those rights were, which existed before political society itself. Those rights were the rights to life, to liberty, to property—in general, to the pursuit of happiness.

Life was the gift of the common Maker of all; and could not be taken without committing the greatest act of injustice which one man can commit against another.

Personal liberty too, the right to walk abroad upon the face of the earth, was another natural right.

The bounties of nature were all at the beginning spread out before the human race for their sustenance and enjoyment; and he who should appropriate the fruits of the earth to his own use, — and more especially those with which he had mixed his own labor, by the cultivation of the soil, had a just right to repel the invasion of him who should seek to dispossess him of what he had acquired. This was the natural right to property.

Each individual also had the right of pursuing his own happiness, in the way which he might prefer, provided he injured no man in the enjoyment of the same right.

Another great personal right, already alluded to, has been reserved for the last: *it is the right which every man, among the families by which nations were composed, had, of giving or withholding his voice in every question relating to the union of those families in a form of government; and of removing from its jurisdiction if that union were formed against his consent.*

The existence of *such* a natural right is too evident to be disputed. And so far was it from being surrendered when government was once formed, that its continuance was absolutely necessary to maintain the existence of that government, by the reelection of new magistrates, when the terms of those first elected had expired. This right is the very *right of suffrage* which is the burden of our present inquiry; and which we call a natural right. . . .

195. Woman suffrage summed up¹

The doctrine of natural rights, together with a large number of other factors, operated to widen the suffrage in the nineteenth century. Nominally, universal manhood suffrage seems to have been attained when in 1870 the Fifteenth Amendment to the Federal Constitution declared that the right of citizens of the United States to vote shall not be denied or abridged on account of race, color or previous condition of servitude. Meanwhile the agitation for the extension of the suffrage to women was growing, culminating in 1920 in the passage of the Nineteenth Amendment, which declared that the right of suffrage shall not be denied on account of sex. Much has been written for and against woman suffrage, and upon the question of whether the exercise of the ballot by women is beneficial, injurious or neutral in its effects. In 1919, Professor Munro summed up the discussion as follows:

Widening
of the
suffrage.

The
Fifteenth
and

Nineteenth
amendments.

Various arguments are advanced both for and against the policy of giving full voting rights to women. Women are citizens; many of them own property; and all are so affected by the workings of government as to be directly interested in its efficiency. In some fields of law and regulation, such as those relating to the care of the dependent and delinquent classes, to hours and conditions of female and child labor, women have a particularly vital interest. It is claimed that the extension of the suffrage to women would in some degree offset the political influence of the foreign-born element in large communities since the figures show that far more male than female immigrants come to this country. It is said that women, if given the ballot, would constitute a powerful element in opposition to the vicious influences in American political and social life, the saloon, the gambling den, the brothel, and so on. And finally, it is urged that where women have been given the suffrage the result has been made manifest in the humanizing of the laws and in the improved tone of political life.

Arguments
for the
extension of
full suffrage
to women.

In opposition to the policy it is argued that women would not use the ballot wisely, being actuated by their sympathies and emotions

Arguments
against such
a step.

¹ From William Bennett Munro, *The Government of the United States*. The Macmillan Company, New York, 1919; pp. 81-82.

rather than by their judgment; that they would not develop an active interest in politics or come to the polls in reasonably large numbers; that the extension of the suffrage to women would tend to weaken the family as a social and economic unit; that it would greatly increase the expense of elections without making government more truly representative; and that it would merely widen the area of political activity at the expense of normal domestic life.

What
experience
proves.

The results of woman suffrage in the states which have had a sufficient experience with the institution seem to show that neither the merits nor defects of the policy have been as marked as its advocates or opponents respectively would have us believe. Women have used the suffrage much as men have used it, showing no more interest and no less, using the ballot with great intelligence at some times and with little at others, even as men have done for many generations, influenced by their prejudices, whipped into line by party bosses, all as men are, and apparently to the same degree. The granting of voting rights to women in a dozen states of the Union has not demoralized domestic life in any of them, nor, on the other hand, has it had noticeably effective results in the way of securing these states a priority over the others in the humanitarianism of their laws.

Conclusion.

The chief merit of woman suffrage in these communities has been that of rendering content a large group of citizens without in any perceptible measure impairing the economic, social, or political order.

196. How the Negro is kept from voting¹

The Thirteenth, Fourteenth, and Fifteenth amendments.

After the Civil War the suffrage was profoundly affected by the Negro question. In 1865 the Thirteenth Amendment abolished slavery; in 1868 the Fourteenth Amendment provided that any state denying the vote to any of its male citizens might suffer a reduction in its Congressional representation; and in 1870 the Fifteenth Amendment declared that the right of citizens to vote shall not be denied or abridged on account of race, color, or previous condition of servitude. As a matter of theory, and so far as the

¹ From the American Political Science Association, *Proceedings of the Second Annual Meeting*, 1905. Albert Bushnell Hart, "The Realities of Negro Suffrage." Lancaster, Pa., 1906; pp. 159-162.

suffrage is concerned, these amendments placed the Negro on a level with the white citizen. As a matter of fact, a large proportion of our potential Negro voters have been systematically excluded from the polls. Some of the ways in which Negroes may be kept from voting are discussed by Professor Hart in the following selection:

Throughout the last thirty years the tendency in the northern states has been to abolish all property and tax qualifications. In the southern states public sentiment has worked the other way. With a view to cut down Negro suffrage a number of southern states have enacted tax qualifications rather high for the conditions. . . . The disqualifications for crime have also been somewhat enlarged and possibly a penalty involving disfranchisement is sometimes affixed by judges upon a Negro which would not be assigned to a white man.

Trend of the
suffrage
movement
in the
South.

The important thing to remember in this process is that as a matter of fact the Negro vote has been suppressed. . . . There is hardly room for discussion with our southern brethren as to whether they mean or expect to take away Negro suffrage — they have done so practically. No Negro is a candidate for any state office, or, except in a very few communities, for any county or local office. Some Negroes have always voted, but they have never been allowed to exercise a balance of power between two state parties or between two candidates for Congress. They might safely vote for a man who was certain to be elected, or for a man in a sure minority; but in the essential quality of a vote, that it may go to convert a minority into a majority, the Negroes have for three decades been hopelessly disfranchised. . . .

The Negroes
hopelessly
disfranchised
for three
decades.

[Recently there is a movement] for a new and more sweeping method of hedging in the Negro vote by state constitutional amendments. The purpose of this new legislation . . . [is admittedly] to cut out most of the ignorant Negro voters, while leaving in most of the white voters, [and at the same time to avoid a technical violation of the Fifteenth Amendment.] Six states — Mississippi, Louisiana, North Carolina, South Carolina, Alabama, and Virginia — have now framed such amendments. . . . Many of these amendments are complicated and limited one part by another, but the main principles are as follows:

Recently
there is a
movement
to restrict
the Negro
suffrage by
constitu-
tional
amendment.
The vote
may be de-
nied because
of

(1) conviction of crime,

(1) Nearly all the constitutions in terms prohibit persons convicted of certain crimes from ever voting again; for instance in Mississippi, the offences enumerated are "bribery, burglary, theft, arson, obtaining money under false pretense, embezzlement, perjury, or bigamy." . . .

(2) lack of property,

(2) Two states — Alabama and Mississippi — have a moderate property qualification as one of several alternatives.

(3) failure to pay poll tax,

(3) All the six states except Louisiana require the prepayment of poll taxes for one, two or three years. . . .

(4) failure to produce tax receipts,

(4) In two states, South Carolina and Mississippi, the voter must be able to prove at the polls that he has paid taxes, and since Negroes are notoriously careless about keeping such papers, they are much more likely to lose the necessary papers.

(5) failure to pass an educational test,

(5) All the constitutions have an educational clause; but in two states taxes on property worth \$300 may be a substitute for reading and writing; and in Mississippi it is provided that the voter must "be able to read any section of the constitution of this state; or he shall be able to understand the same when read to him, or give a reasonable interpretation thereof." . . . The whole machinery of [such clauses] is in the hands of the white election officers, who are expected to be easily convinced that a white man understands and with difficulty convinced in the case of a Negro.

(6) or failure to prove descent from a person entitled to vote prior to January 1, 1867.

(6) Five of the six constitutions contain the remarkable "grandfather clause," which in somewhat different phraseology sets forth that the descendant of a person who was a voter prior to January 1, 1867, shall vote, notwithstanding his inability to satisfy the intelligence or property qualifications. This is the most doubtful part of the whole system, for it sets up an exemption from the ordinary qualifications which applies only to members of one race and cannot possibly be acquired by members of the Negro race. . . .

197. Civic capacity cannot be created by proclamation¹

In the whole of American politics there is no more inflammable subject than that of Negro suffrage. Whatever attitude one may

¹ From the *American Law Review*, Vol. XLV. Charles Wallace Collins, "The Fourteenth Amendment and the Negro Race Question"; pp. 853-856.

take upon the subject, some faction is certain to be incensed or alienated. No one can deny that the facts of Negro suffrage are substantially as set forth by Professor Hart in the above selection. But why has the Negro been disfranchised? And who is to blame for this condition? Many authorities claim that the Negro was disfranchised chiefly because the exercise of the vote by ignorant, incapable Negroes threatened the South with destruction. And for many of the evil effects of disfranchisement responsibility is placed upon those who insisted upon admitting the freed slaves suddenly and completely to full civil rights. That civic capacity cannot be created by proclamation, but is the result of slow growth, is the underlying theme of the following selection by Charles Wallace Collins, writing in the *American Law Review*:

Inflammable nature of the question of Negro suffrage.

In conclusion, we may ask what positive gain has the operation of the Fourteenth Amendment been to the Negro race? We can point to nothing. All attempts at Federal intervention have been fruitless in permanent results. The operation of the Amendment in its relation to the Negro race has in it all of the irony of history. It is the perversion of a noble idealism that the lowest and most benighted element of the African race should in these enlightened days be the ones to rise up and claim the sacred heritage of Anglo-Saxon liberties which, through the fortune of circumstance, have become embodied in the supreme law of the land in the shape of the Fourteenth Amendment. . . .

The perversion of a noble idealism.

The words "citizen," "life, liberty and property," "due process of law," and "the equal protection of the laws," were born through a travail in which the African had no share. They breathe the sacred symbols of a race which paid the price for greatness. They are the fruit of unmeasured sacrifice and suffering, of innumerable and lengthened struggles through defeat and failure to final victory. They are the key words of that race which has, among all of the peoples of the earth, shown the highest genius for law and government. They can never be superimposed from without. The great truths which they embody can come into being only through the birth pangs of the inner life.

Self-government is the natural fruit of prolonged toil and sacrifice,

The Fourteenth Amendment declared the Negro to be a citizen of the United States of America. . . . But it is a serious matter to

presupposing
centuries of
personal
and racial
achievement.

be a citizen of a country like the United States. Its ideals of citizenship presuppose centuries of independent personal and racial achievement. . . . In the words of an eminent statesman and patriot: "It throws upon him a great responsibility and expects of him a constant and watchful independence. There is no one to look out for his rights but himself. He is not a ward of the government, but his own guardian. The law is not automatic; he must himself put it into operation, and he must show good cause why the courts should exercise the great powers vested in them. . . ."

The enfranchise-
ment of the
Negro was,
under the
circum-
stances, a
crime
against the
colored race.

These remarks were spoken to white men . . . yet they apply also to the Afro-American. They speak to him with redoubled force. They set before him the most exalted ideal of citizenship yet achieved by man and bid him reach it if he can. There is a touch of pathos in all of this. The Negro has been the only innocent party in this turmoil of the times. He at least, by every moral law, has been entitled to have justice meted out to him. On the contrary he has been used as a tool first by one section of the country and then by the other. . . . And finally, to satisfy the political idealism and the partizan plans of those to whom he himself was a stranger, he has been thrown naked, penniless and deserted upon the land to pick his way in the midst of the highest and most complicated civilization known to the earth.

The Four-
teenth
Amendment
could not
make Anglo-
Saxons out
of Africans.

The adoption of the Fourteenth Amendment could not make Anglo-Saxons out of Africans. It was unjust to the Negro to force him to play a rôle for which by the forces of nature he was unfitted. He deserves neither ridicule nor blame for the comedy and the tragedy of the Reconstruction. It is one of the fundamental precepts of political science to-day that only those people in a community can participate in its civic, social and political life who are conscious of a common origin, share a common idealism and look forward to a common destiny. Where the community is composed of two divergent races rendering such a community of life impossible, the weaker and less favored race must inevitably and in the nature of things take the place assigned to it by the stronger and dominant race.

The Republican party, which controlled all branches of the government after the War, might have made the Negroes wards of the nation, putting them into a position similar to that occupied by the

American Indians. They, especially at that time, needed the protecting arm of the Federal government thrown around them. Under this system of sympathetic tutelage the African might have been led to develop whatever latent powers that may be inherent in his race. To-day he can justly raise the cry that many of the doors of opportunity are closed to him. . . .

The fundamental mistake in our Negro policy.

198. How many potential voters really vote? ¹

The suffrage is, of course, a means and not an end. To extend the privilege of voting to people who make little or no use of it may be of little consequence; the extension of the suffrage to persons who habitually use the ballot will have an appreciable effect upon government. It becomes a matter of grave concern, therefore, to know whether or not persons who are legally entitled to the vote are really using the ballot. Professor Hart believes that in general the interest of individuals in elections is increasing. At the same time the fact that a large number of potential voters habitually stay away from the polls constitutes a serious problem. In the following selection, Professor Hart discusses the proposal to penalize those who neglect to vote:

Though interest in elections is probably increasing, the neglect to vote is still a serious evil.

Bad weather keeps many thousands of voters at home; compulsory voting would . . . disqualify thousands of men who are kept away by bad roads, or by the rising of the southern streams, along the beds of which highways are often constructed. The voter who has a cold or who justly fears a cold . . . will be debarred. I doubt whether fear of disfranchisement or fine would greatly diminish any of the bad-weather classes.

Some people stay away from the polls because of bad weather.

Another group is made up of those who will not mix in "dirty politics"; who think all parties "packs of scoundrels," and who want to be left to their comfortable private life. . . . That such persons constitute one in a hundred of the voters is hard to believe. If disfranchised for not voting, how many additional votes will be got, and how many dollars for the public treasury?

Others refuse to mix in "dirty politics."

Much larger numbers neglect to vote because they know their party to be in a hopeless minority, and that their votes can make no

¹ From the *Political Science Quarterly*, Vol. VII, No. 2. Albert Bushnell Hart, "The Exercise of the Suffrage"; pp. 324-326.

Many persons neglect to vote because they know their party is in a hopeless minority.

Sometimes voters are "too busy" to go to the polls.

The problem of dealing with the vote seller.

Conclusion upon the proposal to penalize potential voters for neglecting to vote.

possible difference. One would expect to find many thousands of such men in the absolutely sure states. . . . All the southern states have a small proportional vote; the congressional vote of Tennessee is about half that of Iowa, which has about the same population and the same industries. In Vermont, which has never gone anything but Republican since there was a Republican party, the majority takes pride in displaying its own size. The stay-at-homes are about as numerous in close as in sure states, particularly if the opinion gets abroad that one party is reasonably sure to win. . . .

One large class of abstainers would probably be reduced by [a compulsory voting] law; it is the men who are public-spirited and who know that they ought to vote, but who are too busy and who think their duty will be performed by some one else. If such men voted without much regard for party when they did go to the polls, they might frequently change elections; in fact, however, their number would probably only swell the total vote on both sides without much altering results. . . .

Next comes the class, unhappily too large, of those who neither know nor care anything about the election, the candidates or the result, but who do care to sell their votes. The hope of the reformers seems to be that such men will get so deeply in arrears of fines that they will disappear out of politics from sheer inability to pay their way back to the suffrage. . . .

This brings us to the last and most important class of absentees, those who deliberately withhold their votes because they think that they can exert more influence on public affairs in that way than by casting them. The great evil of the whole suffrage system is not that votes are few, but that they are unconsidered. If a commission went from house to house to get votes, so that there were no trouble to the voters, nineteen men out of twenty would vote their usual party ticket. Any unusual defection of voters means a deliberate lesson to party managers. A similar lesson might be taught by voting for some third-party candidate, or by voting for a good candidate on the other ticket. As a matter of fact there is not in the United States one voter in fifty who will do either under any circumstances. Neither party feels more confidence in the nominating apparatus of the other side than in its own. American voters rarely pass from

one party to another; they depend on the silent but effectual protest of leaving their party in the ^{cheat} lurch. . . . To compel men to vote against their will is to tighten the control of party managers. The defect of the compulsory system, as of many proposed reforms which are expected to restore the Eden period of politics, is that it does not go to the root of the matter. . . .

Questions on the foregoing Readings

1. What can be said as to the ethnic qualifications of the suffrage in colonial times?
2. What moral qualifications of the suffrage were imposed in the New England colonies?
3. What were some of the religious qualifications of the suffrage in colonial times?
4. What can be said as to the property qualifications imposed in colonial times?
5. What is meant by the doctrine of natural rights?
6. What fundamental rights existed previous to the formation of government, according to the advocates of the doctrine of natural rights?
7. Name two important amendments to the Federal Constitution, which affect the suffrage question.
8. Summarize the arguments advanced in behalf of woman suffrage.
9. What were some of the arguments urged against the extension of full suffrage to women?
10. What does experience prove as to merits and defects of the woman suffrage argument?
11. What is Professor Munro's conclusion as to woman suffrage?
12. What was the nature and purpose of the Thirteenth, Fourteenth, and Fifteenth Amendments?
13. In what respect has the suffrage movement developed differently in the North and in the South?
14. With respect to Negro suffrage, what is the significance of recent constitutional changes in the South?
15. How may an educational test be used to bar the Negro from the polls?
16. Explain the nature and function of the "grandfather clause" in some of our southern constitutions.
17. Why was the Negro disfranchised after the Civil War?
18. What can be said as to the responsibility for the evils which have followed upon this disfranchisement?

19. Explain the statement that "the operation of the [Fourteenth] Amendment in its relation to the Negro race has in it all of the irony of history."
20. Explain carefully why the sudden enfranchisement of the Negro was a crime against the colored race.
21. What was the fundamental mistake in our Negro policy in Reconstruction times?
22. Is interest in elections decreasing or increasing?
23. Name some reasons why potential voters stay at home on election day.
24. To what extent would a compulsory voting law bring these potential voters to the polls?
25. What is Professor Hart's conclusion as to the value of legislation compelling the exercise of the suffrage?

CHAPTER XXXIV

THE POLITICAL PARTY

199. Extent of party organization ¹

There is no constitutional basis or provision for American political parties, nevertheless each of the great parties has built up a powerful organization which coördinates its members in every part of the country. In practically every township, village, election district and city ward, there are local committees and party agents, whose work it is to promote the interests of the party. Above these local workers are county and state committees, and finally, at the top of the organization, the national committee. Altogether the organization of a political party is made up of numerous and diverse groups, as Lord Bryce points out in the following passage:

In America the Inner Circle, that is to say, the persons who make political work the chief business of life, for the time being, includes:

First. — All members of both houses of Congress.

Secondly. — All Federal office-holders except the judges, who are irremovable, and the "classified civil service."

Thirdly. — A large part of the members of the state legislatures. How large a part, it is impossible to determine, for it varies greatly from state to state. I should guess that in New York, Pennsylvania, New Jersey, California, Maryland, and Louisiana, half (or more) the members were professional politicians; in Connecticut, Ohio, Virginia, Illinois, Texas, perhaps less than half; in Georgia, Kentucky, Iowa, Minnesota, Oregon, not more than one-third; in Massachusetts, Vermont, and some other states, perhaps even less. But the line between a professional and non-professional politician is too indefinite to make any satisfactory estimate possible.

The political party includes numerous and diverse elements.

The list of professional politicians includes, (1) Congressmen, (2) many Federal officeholders, (3) a large part of state legislators,

¹ From James Bryce, *The American Commonwealth*. The Macmillan Co., New York, 1914. Vol. II, pp. 62-64.

(4) most
state office-
holders,
(5) many
local office-
holders,

and (6)
numerous
office-
seekers.

The above
are pro-
fessional
politicians.

This group
not clearly
divisible
from the
non-profes-
sional group.

Fourthly. — Nearly all state office-holders, excluding all judges in a very few states, and many of the judges in the rest.

Fifthly. — Nearly all holders of paid offices in the greater and in many of the smaller cities, and many holders of paid offices in the counties. There are, however, great differences in this respect between different states, the New England States and the newer states of the Northwest, as well as some southern states, choosing many of their county officials from men who are not regularly employed on politics, although members of the dominant party.

Sixthly. — A large number of people who hold no office but want to get one, or perhaps even who desire work under a municipality. This category includes, of course, many of the "workers" of the party which does not command the majority for the time being, in state and municipal affairs, and which has not, through the President, the patronage of Federal posts. It also includes many expectants belonging to the party for the time being dominant, who are earning their future places by serving the party in the meantime.

All the above may fairly be called professional or Inner Circle politicians, but of their number I can form no estimate, save that it must be counted by hundreds of thousands, inasmuch as it practically includes nearly all state and local and most Federal office-holders as well as most expectants of public office. . . .

I have observed that there are also plenty of men engaged in some trade or profession who interest themselves in politics and work for their party without any definite hope of office or other pecuniary gain. They correspond to what we have called the Outer Circle politicians of Europe. It is hard to draw a line between the two classes, because they shade off into one another, there being many [persons] who, while pursuing their regular calling, bear a hand in politics, and look to be some time or other rewarded for doing so. When this expectation becomes a considerable part of the motive for exertion, such an one may fairly be called a professional, at least for the time being, for although he has other means of livelihood, he is apt to be impregnated with the habits and sentiments of the professional class.

The proportion between Outer Circle and Inner Circle men is in the United States a sort of ozonometer by which the purity and health-

iness of the political atmosphere may be tested. Looking at the North only, for it is hard to obtain trustworthy data as to the South, and excluding Congressmen, the proportion of men who exert themselves in politics without pecuniary motive is largest in New England, in the country parts of New York, in northern Ohio, and the north-western States, while the professional politicians most abound in the great cities — New York, Philadelphia, Brooklyn, Boston, Baltimore, Buffalo, Cincinnati, Louisville, Chicago, St. Louis, New Orleans, San Francisco. This is because these cities have the largest masses of ignorant voters, and also because their municipal governments, handling vast revenues, offer the largest facilities for illicit gains. . . .

The proportion between professional and non-professional politicians in the United States.

200. How the party influences voters ¹

The aims and purposes of the political party are various, but the most immediate objective of the party organization is to win nominations and elections. To this end a large use is made of methods designed to influence voters in favor of principles and candidates put forth by the party. Some of these methods are legitimate, some are clearly illegitimate. Writing in 1906, Professor Hart described as follows the methods by means of which the party might influence voters:

The most immediate aim of the party is to win nominations and elections.

(1) The most ordinary influence on voters is simple persuasion. In some parts of the country, especially in the South, there is joint discussion of public issues, listened to by both sides. In the northern states, political meetings are usually attended only by members of the party that holds them, who have not come to have their opinions changed, but to have them confirmed.

Voters influenced by means of (1) simple persuasion,

(2) The newspaper is of course of great influence over voters. Newspapers frequently take new ground, and sometimes in a hot campaign change over from one side to the other; but, again, most Americans read only the newspapers of their own party, and hear very little of the argument of the other side. Hence the importance of special campaign literature; for instance, in 1896, the Republican National Committee deluged the state of Iowa with specially pre-

(2) the newspaper,

¹ From Albert Bushnell Hart, *Actual Government*. Longmans, Green and Co., New York, 1906; pp. 104-106.

pared political tracts, mailed to individual voters whom they supposed to be making up their minds on the question of the gold standard.

(3)
intimidation,

(3) Another method of influencing voters is by intimidation — sometimes nothing more than the disapproval of a man who votes unlike his neighbors, sometimes fierce and cruel personal abuse, sometimes threat of dismissal from employment. The Australian ballot has been favored by labor organizations because it enables the workman to escape from this form of oppression, since it is almost impossible to find out how a man has voted unless he himself discloses it.

(4) violence
at the polls,

(4) Farther down still is the brutal violence at the polls, of which there have been many examples in American history. The usual form is for friends of one party to drive away the watchers of the other party, or to threaten voters when they offer their ballots. With the introduction of metropolitan police, since 1860, this violence has become less common in large cities; and the Australian ballot laws, which in many cases forbid the assemblage of persons about the polls, take away the pretext of violence. . . .

and (5)
bribery,
practiced
either
covertly,

(5) Another too frequent method is the corruption of voters. Bribery is as old as votes, — very frequent in the Greek and Roman republics; for half a century, from 1725 to 1775, the recognized method of getting a government majority in the House of Commons; frequently practiced in the colonies; and to this day one of the most widespread and demoralizing influences. The most subtle form of bribery is to pay a man on election day for peddling tickets, for getting out voters, or for reporting the vote. . . . Another method is to hire men to stay away from the polls, one of the most dangerous of all forms of bribery because it cannot be detected by any ballot device.

or (6)
openly.

(6) Perhaps the baldest form is to pay money outright for votes: candidates for offices are often assessed thousands of dollars for campaign funds; and cases have been known where they have gone from polling-place to polling-place, actually giving out rolls of bills to be distributed among the voters. . . . This is a shameful spectacle; and although in most communities only a small proportion of the voters will sell their birthright, yet that small proportion may be just enough to turn the scale.

It is needless to say that the bribed voter is no voter, that he

is simply a pawn in the hands of a man or the organization that pays him. In most states there are strict laws against either giving or receiving bribes; but bribery is an offence extremely difficult to prove, because neither party desires that the transaction be made public. There have been cases in which, on the day of election, the party heelers on both sides have agreed to divide their campaign funds, and let the floaters cast their votes uninfluenced. Such conduct is of course held dishonorable by those sensitive people who furnished the money.

Bribery
difficult
to prove.

201. Evils of the spoils system¹

During the first forty years of our national life it was tacitly understood that subordinate executive officials should continue in office during good behavior, regardless of changes in the administration. After Jackson's first term, however, it became the custom for the incoming party to use offices to reward party supporters. Except where restricted by the merit system, each party has since that period secured control of government only to turn out numerous office-holders appointed by their opponents, and to install members of their own party. The evils of the spoils system at its height are described in the following extract from an address by Carl Schurz before the National Civil Service Reform League in 1894:

Rise of
the spoils
system.

Looking at the financial side of the matter alone — it is certainly bad enough; it is indeed almost incomprehensible how the spoils system would be permitted through scores of years to vitiate our business methods, . . . breeding extravagant and plundering practices in all departments, costing our people in the course of time untold hundreds of millions of money, and making our government one of the most wasteful in the world. All this, I say, is bad enough. . . .

Evils of
the spoils
system on
the financial
side.

But the spoils system has inflicted upon the American people injuries far greater than these.

Other evils:

The spoils system, that practice which turns public offices, high and low, from public trusts into objects of prey and booty for the

¹ From the National Civil Service Reform League, *Proceedings of the Annual Meeting*, 1894. Address by Carl Schurz.

The spoils system one of the most evil influences in American life. It perverts political life.

victorious party, may without extravagance of language be called one of the greatest criminals in our history, if not the greatest. In the whole catalogue of our ills there is none more dangerous to the vitality of our free institutions.

It tends to divert our whole political life from its true aims. It teaches men to seek something else in politics than the public good. It puts mercenary selfishness as the motive power for political action in the place of public spirit, and organizes that selfishness into a dominant political force.

It debases the party.

It attracts to active party politics the worst elements of our population, and with them crowds out the best. It transforms political parties from associations of patriotic citizens, formed to serve a public cause, into bands of mercenaries using a cause to serve them. It perverts party contests from contentions of opinion into scrambles for plunder. By stimulating the mercenary spirit it promotes the corrupt use of money in party contests and in elections.

It creates the boss and the machine.

It takes the leadership of political organizations out of the hands of men fit to be leaders of opinion and workers for high aims, and turns it over to the organizers and leaders of bands of political marauders. It creates the boss and the machine, putting the boss into the place of the statesman, and the despotism of the machine in the place of an organized public opinion.

It makes the office-holder a party slave.

It converts the public office-holder, who should be the servant of the people, into the servant of a party or of an influential politician, extorting from him time and work which should belong to the public, and money which he receives from the public for public service. It corrupts his sense of duty by making him understand that his obligation to his party or his political patron is equal if not superior to his obligation to the public interest, and that his continuance in office does not depend on his fidelity to duty. It debauches his honesty by seducing him to use the opportunities of his office to indemnify himself for the burdens forced upon him as a party slave. . . .

It usurps the constitutional appointing power.

It falsifies our constitutional system. It leads to the usurpation, in a large measure, of the executive power of appointment by members of the legislative branch. . . . It subjects those who exercise the appointing power, from the President of the United States down, to the intrusion of hordes of office hunters and their patrons, who

rob them of the time and strength they should devote to the public interest. . . .

It keeps in high political places, to the exclusion of better men, persons whose only ability consists in holding a personal following by adroit manipulation of the patronage. It has thus sadly lowered the standard of statesmanship in public position, compared with the high order of ability displayed in all other walks of life.

It does more than anything else to turn our large municipalities into sinks of corruption, to render Tammany Halls possible, and to make of the police force here and there a protector of crime and a terror to those whose safety it is to guard. It exposes us, by the scandalous spectacle of its periodical spoils carnivals, to the ridicule and contempt of civilized mankind, promoting among our own people the growth of serious doubts as to the practicability of democratic institutions on a great scale. . . .

It substitutes the politician for the statesman.

It throws doubt upon the practicability of democratic institutions.

202. The Civil Service Act of 1883¹

The evils which Mr. Schurz outlined in 1894 have since been reduced by state and Federal legislation. A *pioneer* law was the Civil Service Act passed by Congress as early as 1883, for the purpose of removing from partisan control a large number of routine and subordinate offices in the national administration. The more important clauses of this act are as follows:

In 1883, Congress passed a Civil Service Act.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

That the President is authorized to appoint, by and with the advice and consent of the Senate, three persons, not more than two of whom shall be adherents of the same party, as Civil Service Commissioners, and said three Commissioners shall constitute the United States Civil Service Commission. Said Commissioners shall hold no other official place under the United States. The President may remove any Commissioner, and any vacancy in the position of Commissioner shall be so filled by the President, by and with the advice and consent of the Senate, as to conform to said conditions for the first selection of Commissioners. . . .

A Civil Service Commission created.

¹ From the *Statutes of the United States, Civil Service Act of 1883*. Preamble and Section 2.

Duty of the
Commission.

SEC. 2. That it shall be the duty of said Commissioners:

First. To aid the President, as he may request, in preparing suitable rules for carrying this act into effect, and when said rules shall have been promulgated it shall be the duty of all officers of the United States in the departments and offices to which any such rules may relate to aid, in all proper ways, in carrying said rules, and any modifications thereof, into effect.

Second. And, among other things, said rules shall provide and declare, as nearly as the conditions of good administration will warrant, as follows:

Eight
fundamental
rules
laid down.

(a) For open, competitive examinations for testing the fitness of applicants for the public service now classified or to be classified hereunder. Such examinations shall be practical in their character, and so far as may be shall relate to those matters which will fairly test the relative capacity and fitness of the persons examined to discharge the duties of the service into which they seek to be appointed.

(b) That all the offices, places, and employments so arranged or to be arranged in classes shall be filled by selections according to grade from among those graded highest as the results of such competitive examinations.

(c) Appointments to the public service aforesaid in the departments at Washington shall be apportioned among the several states and territories and the District of Columbia upon the basis of population as ascertained at the last preceding census. Every application for an examination shall contain, among other things, a statement, under oath, setting forth his or her actual bona fide residence at the time of making the application, as well as how long he or she has been a resident of such place.

(d) That there shall be a period of probation before any absolute appointment or employment aforesaid.

(e) That no person in the public service is for that reason under any obligations to contribute to any political fund, or to render any political service, and that he will not be removed or otherwise prejudiced for refusing to do so.

(f) That no person in said service has any right to use his official authority or influence to coerce the political action of any person or body.

(g) There shall be noncompetitive examinations in all proper cases before the Commission, when competent persons do not compete, after notice has been given of the existence of the vacancy, under such rules as may be prescribed by the Commissioners as to the manner of giving notice.

(h) That notice shall be given in writing by the appointing power to said Commission of the persons selected for appointment or employment from among those who have been examined, of the place of residence of such persons, of the rejection of any such persons after probation, of transfers, resignations, and removals, and of the date thereof, and a record of the same shall be kept by said Commission.

And any necessary exception from said eight fundamental provisions of the rules shall be set forth in connection with such rules, and the reasons therefor shall be stated in the annual reports of the Commission. . . .

Exceptions
to the
above rules.

203. Legal regulation of campaign contributions¹

A few decades ago it was the custom of political parties not only to accept large sums of money from special interests, but actually to demand substantial contributions from railroad and other corporations on pain of unfriendly legislation when the party got into power. In many cases gambling houses and other illegal businesses contributed heavily to the campaign fund, with the understanding that the party so supported would, if placed in power, favor the contributing interests. The abuse of the privilege of contributing to the campaign fund has recently led to more and more legislation regulating the financial activities of the party. The following description of the election laws of New York and Wisconsin will give an idea of this type of legislation:

Misuse of
the cam-
paign fund
has led to
regulative
legislation.

[The New York law, enacted 1890 and amended in 1906 and 1907]:

[The law] defines political committees and provides that any person who, to promote the election or defeat of a candidate, contributes or expends money other than through the agency of a political committee or candidate, shall file the statement required of political committees.

The New
York law
governing
contributions
to the
campaign
fund of
political
parties.

¹ From Senate Documents, Sixtieth Congress, First Session, 1907-1908. No. 337. *Publicity of Election Contributions and Expenditures*; pp. 12-13, 17-18.

Every political committee is required to have a treasurer who shall keep detailed accounts of its contributions and expenditures. No money may be received by or on behalf of such committee until it shall have chosen a treasurer.

Within five days after the choice of such treasurer there must be filed a statement of his address signed by three members of the committee.

Whoever receives any money on behalf of a political committee must give to the treasurer of the committee a detailed account of the same. Every payment in excess of \$5 must be vouched for by a receipted bill and every voucher must be kept fifteen months.

Statement
of receipts
and
expenditures.

Treasurers of committees must within twenty days after election file a detailed statement of the receipts and expenditures of the committee. In each case it shall include the amount received, the name of the person or committee from whom received, the date of its receipt, the amount of every expenditure or disbursement exceeding five dollars, the name of the person or committee to whom it was made, and the date thereof; and unless such expenditure or disbursement shall have been made to another political committee it shall state clearly the purpose of such expenditure or disbursement.

No person is permitted to contribute to a political committee in any name other than his own, nor can such committee knowingly receive any contributions under fictitious names.

All statements must be filed and preserved for fifteen months in the office of the secretary of state, who must provide blanks. . . .

Penalties.

Failure to file a statement or the making of a false or incomplete statement with "wilful intent to defeat the provisions" of the act is punishable by a fine of not exceeding \$1,000 or imprisonment for not more than one year or both. . . .

Important
provisions
of the
Wisconsin
law.

[The Wisconsin law, enacted 1897, and amended in 1905 and 1907]:

This Act, which is one of the best-considered measures upon the subject, provides that the election expenses of candidates shall be filed in detail thirty days after the election, the purposes and amount of each expenditure being stated. All statements so filed must be kept open for public inspection for a year. The penalty for violation of this provision is a fine of not less than \$100 nor more than \$500. Political committees are defined and required to maintain a

treasurer. . . . Treasurers of political committees are required to keep detailed accounts of receipts and expenditures and to file sworn statements thereof. This statement must be kept one year.

Any violation of the provisions of the Act by a treasurer is punishable by a fine but not by imprisonment unless he fails to keep correct books of account with intent to conceal receipts or disbursements, or the person from whom or the object for which they have been received or expended, or to conceal the existence of an unpaid debt, or if he mutilates or destroys such accounts with intent to conceal, or if he fails to make the required statement within five days after he shall receive notice in writing, signed by five resident freeholders, requiring him to file such statement. Upon conviction of the latter class of offenses he must be imprisoned for not less than two or more than six months. Penalties.

This Act was amended in 1905, providing in greater detail for the filing of statements of expenditures by candidates and for blanks for that purpose. It was made the duty of officers with whom nomination papers or certificates of election are filed to publish lists of candidates failing to file statements and to transmit such lists to the attorney-general for prosecution under penalty of a fine. The Wisconsin law amended in 1905

In 1907 life-insurance companies were required to make report and in 1907. to the commissioner of insurance of all contributions made for political purposes, and corporations were . . . prohibited from making any contributions¹ for that purpose under stringent penalties, making it a felony to aid, advise, or abet violations of this provision.

204. Legal recognition of the political party¹

The political party sprang up in the United States as a voluntary association, without legal basis or warrant. However, the law has taken notice of the party in two ways. In the first place, there has been an increasing amount of legislation aimed at the suppression or regulation of certain practices of the political party. In the second place, there has been, in some sections at least, legal recognition of the fundamental services of the party. The value of the properly

The law has taken notice of the party in two ways.

¹ From the *Statutes of the State of Oregon*, Election Law, 1907. Preamble.

regulated party is recognized by Oregon in the preamble to its election law of 1907, as follows:

The party
is a useful
and
necessary
institution.

Under our form of government, political parties are useful and necessary at the present time. It is necessary for the public welfare and safety that every practical guaranty shall be provided by law to assure the people generally, as well as the members of the several parties, that political parties shall be fairly, freely, and honestly conducted, in appearance as well as in fact.

Party
govern-
ment is
desirable.

The method of naming candidates for elective public offices by political parties and voluntary political organizations is the best plan yet found for placing before the people the names of qualified and worthy citizens from whom the electors may choose the officers of our government. The government of our state by its electors and the government of a political party by its members are rightfully based on the same general principles. Every political party and every voluntary political organization has the same right to be protected from the interference of persons who are not identified with it as its known and publicly avowed members, that the government of the state has to protect itself from the interference of persons who are not known and registered as its electors.

It is as great a wrong to the people, as well as to the members of a political party, for one who is not known to be one of its members to vote or take any part at any election or other proceedings of such political party, as it is for one who is not a qualified and registered elector to vote at any state election or take any part in the business of the state.

Rights of
the political
party in
the exercise
of which it
ought to be
protected.

Every political party and voluntary political association is rightfully entitled to the sole and exclusive use of every word of its official name. The people of the state and the members of every political party and voluntary political organization are rightfully entitled to know that every person who offers to take any part in the affairs or business of any political party or voluntary political organization in the state is in good faith a member of such party. The reason for the law which requires a secret ballot when all the electors choose their officers, equally requires a secret ballot when the members of a party choose their candidates for public office. It is as necessary for the preservation of the public welfare and safety that there shall

be a free and fair vote and an honest count, as well as a secret ballot at primary elections, as it is that there shall be a free and fair vote and an honest count in addition to the secret ballot at all elections of public officers. All qualified electors who wish to serve the people in an elective public office are rightfully entitled to equal opportunities under the law. The purpose of this law is better to secure and to preserve the rights of political parties and voluntary political organizations, and their members and candidates, and especially of the rights above stated. . . .

Questions on the foregoing Readings

1. What does Lord Bryce mean by the "Inner Circle" of the political party?
2. What Federal office-holders are included in this Inner Circle?
3. To what extent are state officials included in this group?
4. Name some other individuals who may be members of the Inner Circle.
5. What is meant by the Outer Circle in party politics?
6. Explain how the class of professional party workers may grade into the class of non-professional workers.
7. What is the most important of the immediate aims of the party?
8. Explain the extent to which voters are influenced by (1) simple persuasion, and (2) the newspaper.
9. What, according to Professor Hart, is the extent of intimidation of voters in this country?
10. Summarize Professor Hart's conclusions as to the practice of bribery in the United States.
11. When did the spoils system first develop in national politics?
12. What are some of the evils of the spoils system from the financial side?
13. How has the spoils system perverted political life and debased the political party?
14. What is the relation of the spoils system to the existence of the political boss and machine?
15. What does Mr. Schurz mean by the statement that the spoils system converts the public office-holder into a party slave?
16. How does the spoils system usurp the constitutional appointing power?
17. What is Mr. Schurz's conclusion as to the evil effects of the spoils system?
18. Why was the Civil Service Act of 1883 passed?

19. What is the nature of the Commission created by the Act?
20. What are the eight fundamental rules under which the Commission operates?
21. What type of legislation is reducing the evils which formerly attended contributions to the campaign fund of political parties?
22. Summarize the election laws of New York with regard to contributions to the campaign fund.
23. What facts must be contained in the statement of campaign contributions which is filed with the secretary of state in New York?
24. What becomes of these statements?
25. In what two ways has the law recognized the political party?
26. Summarize the preamble to the election law of Oregon with respect to the desirability of party government.
27. In the enjoyment of what rights is the political party to be protected by law?

CHAPTER XXXV

CHOOSING THE AGENTS OF GOVERNMENT

205. Essentials of a primary election law ¹

Various methods of choosing party candidates have predominated at different periods in our history. An early method was the caucus, but after 1825 the caucus declined and the nominating convention became important. The convention was an improvement upon the caucus, but was itself subject to so many defects that in the latter part of the nineteenth century new methods of choosing party candidates were developed. Of these new methods one of the most important and widespread is the Direct Primary. Every state in the Union has enacted legislation to fix the form, and to protect the administration, of the Direct Primary, though such legislation is not adequate in every state. The essential features of a good primary law are enumerated by Professor Woodburn in the following passage:

Rise and decline of the caucus and nominating convention.

Direct Primary.

To the successful working of a good primary election law the following features are considered essential:

1. The primary elections of all parties should be held together in every election precinct on the same day. The time and place of these elections should be fixed by law and not left to be determined by party committees. In this way the election day will be known, the polling places will be fixed and not precarious; machine gerrymandering and snap primaries will be prevented; and the voters of one party will be prevented from packing the primary of the other for the purpose of nominating weak candidates for their opponents.
2. A good registration law. The party voters must be registered a certain number of days before the primary. Careful registration always tends to promote fair elections.

The primaries of all parties should be held on the same day.

Registration.

¹ From James Albert Woodburn, *Political Parties and Party Problems in the United States*. G. P. Putnam's Sons, New York, 1903; pp. 285-287.

Legal protection of the party against the unfair practices of members of other parties.

3. The right to vote at a party primary should be secured against fraud by the registration of the party affiliation, or preference, of all voters who seek to vote at the primary. No opponent of a party has a right to participate in its primary. The law should protect a party from its enemies who may seek to disrupt or weaken it. The test of party membership, or party fealty, is the most difficult matter in framing primary election laws. Experience shows that liberality in this direction should be encouraged. It is not necessary, nor is it generally desired by party managers, to shut out the independent element within a party. It is not necessary to apply hard party tests or a cast-iron pledge to support the nominees. Self-respecting men will not seek to vote in the primary of a party to which they are not attached, and the unscrupulous will do so in the face of pledges which they will unhesitatingly violate. . . .

Recognition of the independent voter.

With the primaries of all parties on the same day, the voters of each party will be led to give their attention to their own nominations. The primary system is not to destroy parties, but it implies that the party is not merely its managers, its machine, but the whole body of its voters. The independent voter should recognize that the registration of a voter's party affiliation, as the Kentucky law requires, is a desirable protection to the party organization. Very few would object to stating their party affiliation, if other information and pledges as to the voter's past and future are not exacted. If this seems to a voter to violate his independence he may either refrain from voting at the primary, or other provision may be made for him.

Use of the Australian ballot.

4. The Australian secret-ballot system of voting should be used in the primary as in the regular election day. All the ordinary safeguards of the law should be placed around the primary election. All trickery and personal and party favoritism in choosing election judges and clerks should be reduced to a minimum. . . .

Other features of a good primary election law.

Other minor features urged by primary election advocates are: (1) The application of the law should be made mandatory and not be left to the option of party committees. Primary elections should be under state control, not under party control. (2) The rotation of names in the printed ballots. Any name appearing first in all the ballots would have a manifest advantage. The unknowing and

indifferent voters are apt to vote for the first on the list. In a poll of fifteen or twenty thousand votes the first place is probably worth one thousand votes to a candidate. Fairness requires rotation. . . .

206. The non-partisan ballot¹

The non-partisan ballot is a ballot on which names may be placed without party designations. This system came into use between 1880 and 1890, and was intended to reduce the influence of the party machine. It provides that candidates may be placed in nomination by filing with some specified officer nomination papers, or petitions, signed by a specified number of voters. The merits of this device are debated, but in many cities it has undoubtedly reduced partisanship to the minimum. A favorable view of the non-partisan ballot in Des Moines, Iowa, is given in the following selection by Former Mayor James R. Hanna:

Nature and purpose of the non-partisan ballot.

Under the Iowa law, any citizen who can secure the signatures of twenty-five of his fellow citizens to a statement of his honorable standing in the community, may become a candidate for mayor or commissioner. In our three campaigns this ease of candidacy has been taken advantage of by great numbers and there have been always from thirty to more than fifty aspirants to civic honors.

The circulation of petitions under the Iowa law.

Coincident with the introduction of the Des Moines plan into our city affairs there sprang up, all over the city, neighborhood organizations of voters under the title of improvement leagues, etc. . . . When the campaign . . . is well under way, the various candidates are invited to appear before these leagues to present their claims to the suffrage of the voters. . . .

Introduction of the Des Moines plan.

At these meetings, the various candidates, owing to the number that are to speak, find it necessary to present their claims to consideration in talks of not to exceed ten or twelve minutes. A speaker must make his impression upon his hearers in very short order. . . . In the rapid review of candidates, the audience is, in each case, deciding on about three things. They decide first as to whether the speaker knows what he is talking about. In other words, they esti-

Candidates present their claims to the voters.

¹ From the *National Municipal Review*, Vol. II, No. 4. October, 1913. James R. Hanna, "Municipal Elections in Des Moines, Iowa"; pp. 654-657.

mate his intellectual alertness and the soundness of judgment. Second, they decide upon the earnestness of purpose, or conviction, with which the candidate seems to present his issues. And finally having weighed the intelligence and sincerity of the candidate, they put an estimate upon his courage or determination of purpose which will or will not lead him to carry into effect the policies which he professes to stand for.

The candidate who impresses his hearers that he knows what he is talking about, that he means what he says, and that he has the courage in the hour of trial to stand for what he advocates, generally has the right of way to the voters' suffrage, provided of course that his position on the issues of the campaign appeals to the voter as being sound. . . .

The influence of personality.

Even those who may not have attended the league meetings very faithfully during the six weeks campaign have heard the neighborhood discussion concerning the candidates. Opinion in the vicinity is very clearly outlined. Municipal issues and the personality of the candidate enter with somewhat varying proportions into the composition of the neighborhood opinion. If there are striking municipal issues upon which the people may divide, this has a large bearing upon the fortunes of the candidates. If, however, municipal issues are not pronounced, the personality of the candidate has a very large determining force. Indeed, with the impossibility of organizing candidates into groups, each group standing upon a given platform, the personality of the candidate has fully as much to do with his advancement as the issues for which he stands. . . .

Elimination of sectional or ward influence.

Another feature of our campaigns is the entire absence of sectional or ward influence. The candidate must face the entire electorate of the city upon the issues and interests of the entire city. He cannot go into one ward advocating measures for the good of that ward alone without incurring the hostility of the voters in other wards. The consequence is that the residence of the candidate is no longer inquired after, though at first there was considerable jealousy over this point. One who is not broad enough to be a citizen of the entire city has small hope of convincing a majority of the voters of the entire city of his fitness to participate in the determination of municipal policies as a member of the city council. . . .

The laws providing that no pre-election promises shall be made, and that no one may give or receive money for personal assistance in the campaign, have a salutary effect. It is a great protection to the candidate to say that he cannot give money or make promises for any assistance. It relieves him of the incubus of the ward heeler and the political grafter. . . .

Financial protection.

The ability and character of the men who are finally successful in the election is very good. Only men of superior ability and fair repute, who are able to contend before 20,000 voters and undergo their scrutiny, can be successful. . . .

Able men chosen on the non-partisan ballot.

207. Adequate representation of the majority¹

How can we make certain that an individual nominated or elected represents a majority of those voting? When there are only two candidates, the one receiving the larger number of votes receives both a plurality and a majority, but when there are several candidates, the victor may have received the sanction of only a small minority of those voting. This means that the chosen official represents a minority, and that the majority are not adequately represented. To remedy this defect, several devices have been suggested, among them the preferential ballot. How one type of preferential voting works is explained by Mr. Reginald Mott Hull in the following passage:

To secure the adequate representation of the majority, the preferential voting device has been put forward.

In the method of voting proposed in Cambridge [Mass.,] any fifty voters could secure a place on the final ballot for the name of their nominee for any elective office. Election is by the city at large, to a highly paid, conspicuous position for a three year term, with no party designation, no primary, and, after the first year, with never more than two offices in the city council to be filled annually. Every candidate stands on his own feet,—no boss dictates who shall, or shall not run. The man who can survive this test must win on his own merit, and not merely drift into office on a party label unknown to most of his fellow citizens.

The proposed Cambridge plan included provision for a short and non-partisan ballot.

The preferential ballot enables the voters of the city in one elec-

¹ From the *National Municipal Review*, Vol. 1, No. 3, July, 1912. Reginald Mott Hull, "Preferential Voting and How It Works"; pp. 387-388.

The plan
used with
many of
the states
before 1840
is an
election
machine
which

does its office at a majority choice (irrespective of the number of candidates) provided there is anyone in the list of candidates acceptable to the majority. If there is none such in the list, it is obviously not the fault of the election machine. Besides, we get the next best thing and the only thing possible with such a list of nominees: a significant plurality election, i. e. a plurality election based on a full and free expression of choice by the voters in place of the customary one in which a voter with only one choice must vote against all the candidates but one, though there may be several excellent names in the list. . . .

How the
election
machine
works

The modern proportional ballot is arranged like the ordinary majority ballot, except that instead of one column for crosses there are three provided, headed "first choice," "second choice," and "other choices," respectively. The voter places a cross in the first column after the name of his first choice for that office, and in the second column after the name of his second choice. If there are others acceptable, and still others more undesirable, the voter will place a cross after all the other acceptable men in the third column. This means that he not only has the opportunity to vote for all the good men, but also that he cannot vote for the undesirable ones.

How the
election
machine
works

It now becomes possible to tally all the votes in the first column, as is custom. Failing that, the first and second choice votes are added together. The candidate now highest wins, if he has a majority. If no man has commanded a majority of the firsts and seconds, meaning that there are a number of nearly equally divided candidates, the choices in the third column are now added in. The highest man then wins whether he has a majority or not — for he is the man on the list behind whom the greatest number of voters are found to have gathered when each has specified all whom he votes to support.

The will always result in a majority election, unless the list of candidates happens to contain no one on whom the majority can freely and automatically unite. . . .

How the
election
machine
works

Under our present system the voter can vote for but one man whatever the number of good or bad candidates, and the chances are that the unsatisfactory man will win, because the machine can prevent the summing of its vote among a lot of nominees, whereas, if the citizens

had a real opportunity for free expression, a large majority might have gotten together behind some independent candidate.

For instance, one man was elected mayor of a Massachusetts city about a year ago by 1800 votes out of 7200; the 5400 other votes being divided nearly equally among four other candidates. The primary partisan system to prevent such mishaps has to choke off, in the interest of harmony, desirable candidates, in order not to risk a party defeat through a split ticket. . . .

An example.

The present system necessitates the expenditure of large sums of money and a great deal of time and energy to be nominated or elected. Under the preferential system no money or time need be expended in campaigns. A man can be elected on his reputation as is shown by the fact that the president of the Chamber of Commerce was elected to the Spokane city council during his absence from the city. . . .

How preferential voting improves upon the present system.

208. Adequate representation of the minority¹

Related to the question of making sure that successful candidates represent a majority of those voting, is the problem of the adequate representation of the minority. To meet this last-named difficulty political reformers have put forth various plans for proportional representation. These are designed to give minority parties representation in proportion to their voting strength. One of the earliest and best known forms of proportional representation is that applied in Illinois in 1870 in the effort to give minority parties adequate representation in the state legislature. The following passage describes the plan in use in Illinois:

The adequate representation of the minority.

[The law provides] that "in all elections of representatives aforesaid, each qualified voter may cast as many votes for one candidate as there are representatives to be elected, or may distribute the same, or equal parts thereof, among the candidates, as he shall see fit; and the candidates highest in votes shall be declared elected." Under this plan it is of course true that any party having more than one-fourth of the votes in a senatorial district may elect one of the

Framework of the Illinois plan of proportional representation.

¹ From the Illinois Legislative Reference Bureau, *Constitutional Convention Bulletins*. Springfield, Ill., 1920; pp. 538-542.

three candidates to the House of Representatives, if all of the votes of that party are concentrated upon one such candidate. A party having less than ~~three-fourths~~ of the votes in a senatorial district cannot elect all three of the representatives from the district if any other party having at least one-fourth of the votes has concentrated upon a single candidate; and if a party having a distinct majority, but less than three-fourths of the votes in a senatorial district, scatters its votes among three candidates, a minority party may be able to elect two candidates by a concentration of its votes upon the two.

Importance
of each
party
gauging
its own
strength.

The cumulative system therefore makes it necessary that each party gauge its strength in advance of the election, and concentrate its votes in the election upon the number of candidates it thinks possible to elect. A minority party able actually to elect but one candidate may lose that one if it places two or three candidates in the field. The majority party able to elect two may lose one of the two if it places three in the field, and there have been some instances of a party failing to obtain under the cumulative system a representation in proportion to its strength, because of its placing too many candidates in the field. On the other hand, a party may fail of obtaining representation of its strength under the cumulative system because of its failure to have as many candidates as it could actually elect. That is, a party which has been a minority party in a district may place but one candidate in the field for representative, and may as the result of the particular election become the majority party with a possibility of electing two members of the house, if it had nominated two candidates. . . .

The device
secured
proportional
representa-
tion for
the two
principal
parties

With respect to the operation of the cumulative system, it may perhaps be said that the system has in the main obtained a representation for the two principal parties in the state in very close proportion to the actual votes cast by these parties, and also that the system obtained for the Progressive party in 1912 a strength in the House of Representatives proportionate to the vote cast by that party.

as well as
for the
Progressive
Party in
1912,

However, the cumulative system has not obtained much of actual representation for weak minority parties, or for minority parties whose strength may be relatively great, but whose vote may be scattered somewhat evenly throughout all of the senatorial districts in

the state. The Progressive party in 1912 cast a large vote, but its strength was much greater in some senatorial districts than in others. The Progressive party was, therefore, able in 1912 to elect a number of representatives proportional to the popular vote which was cast for representatives. In 1914, however, the actual vote cast for representatives by the Progressive party was much less than in 1912, and with this lesser vote the Progressive party obtained a strength in the House of Representatives disproportionately low as compared with the popular vote. . . .

The same situation has presented itself with respect to other minority parties, which have not obtained such a strength as to become substantially the chief minority party in particular districts. The cumulative system in its operation has been in no way a scheme of proportional representation except as between the two principal parties. . . . Perhaps the main purpose in the adoption of cumulative voting in 1870 was to do away with the distinctly sectional representation in the Illinois General Assembly, and this purpose has been accomplished. . . . However, small parties have as a rule suffered from lack of representation and the cumulative system has been of little or no aid to them.

but small minority parties have continued to suffer from lack of representation.

209. Evils of the long ballot¹

The wave of democracy which swept over the country in the last century had the effect of increasing the number of elective offices in American government. A greatly lengthened ballot, together with the great frequency of elections, has made it impossible for the average voter to exercise proper judgment at the polls. Fairly representative of conditions throughout the United States is the case of Ohio, in which the long ballot was formerly a great evil. In 1911 a Short Ballot Committee reported upon conditions in Ohio as follows:

Increasing length of the ballot and the result.

The case of Ohio:

This unsatisfactory and undemocratic development of our election appliances has been one of gradual growth. The first constitution of Ohio, adopted in 1802, incorporated the principle of comparatively

At first few officials were elective,

¹ From the Municipal Association of Cleveland for the Short Ballot Movement in Ohio, *Report*. Cleveland, Ohio, 1911; pp. 6-10.

few elective officers. The only elective officials were the Governor, members of the General Assembly, one sheriff and one coroner in each county, and such town and township officers as should be provided by law. The secretary, treasurer, and auditor of state, and judges of the courts, were appointed by joint ballot of the Senate and House of Representatives. All other civil offices, created by law, were made appointive.

but gradually the ballot was lengthened.

Experience quickly proved that this arrangement of providing for the appointment of officers by the General Assembly was unwise, for it resulted inevitably in log-rolling and in purely partisan political appointments. As a result . . . the new constitution, adopted in 1851, provided for the election of the members of the legislature, Governor, lieutenant governor, secretary of state, auditor of state, treasurer of state, attorney general, members of board of public works, judges of supreme, common pleas and probate courts, clerks of courts, justices of peace, and all county and township officers. The General Assembly was forbidden to exercise any appointing power, except as specifically provided for in the constitution. . . .

Some examples of the long ballot.

The ballot of the state and county election of 1908 contained the names of 391 candidates for forty-five separate offices, not including the twenty-three presidential electors. The ballot of the 1910 election contained the names of 210 candidates for forty-two positions. The ballot in the Cleveland municipal election of 1909 contained the names of 285 candidates. In the 1911 primary election in Cleveland 324 names appeared on the tickets of the two dominant parties. And at the November election of 1911, four tickets were submitted to the voter in each precinct in Cleveland containing the names of 132 candidates for forty distinct offices. . . .

The burden on the voter increased by initiative and referendum legislation.

[Recent initiative and referendum legislation promises to increase the burden on the voter.] On November 7, the voters of Cleveland, for example, were asked not only to make their choice of forty officials from a list of 132 candidates representing the four political parties, but also to express an opinion upon the advisability of the city issuing \$2,000,000 in bonds for building a municipal lighting plant; an opinion on the question of whether the twelve amendments recently made to the Tayler Street Railway grant by the city council are for the protection of the public interest; and also an opinion

on the advisability of creating a park commission as a substitute for the present plan of park control. When the voter entered the booth on November 7, he received seven separate and distinct ballots. . . .

The voters of Cincinnati were confronted with an even more formidable task. They were given nine separate and distinct ballots:

The burden on the voter in Cincinnati.

1. The municipal ticket, containing names of candidates for city offices.

2. Board of Education — non-partisan ballot.

3. Delegates to Constitutional Convention.

4. Judicial ballot in three parts.

5. Ballot providing for annexation of eight suburbs.

6. Bond issue in two parts — hospital purposes.

7. Bond issue for new jail and courthouse.

8. For increased tax levy under the Smith law.

9. To provide for Agricultural Experimental Farm in Hamilton County.

To say that the voters in these two cities were called upon to perform a difficult task is far within the facts — plainly, it was an impossible task. It is absurd to expect the average voter, whose first duty is to earn a living for himself and family, to give the time necessary to enable him to vote intelligently and with discrimination on so many candidates and at the same time on such complicated questions. . . . The best informed voter was probably able to vote intelligently, as we have pointed out, upon not more than one-tenth of the candidates on the various ballots and he was therefore obliged to vote ignorantly on the other nine-tenths. . . .

Under such circumstances intelligent voting is impossible.

210. The principle of the short ballot¹

The shortening of the ballot is advocated as a remedy for the evils of the long ballot. The essential features of the short ballot plan are first to elect only those officers who have to do with important public policies and who attract and deserve to attract public attention, and second to make the number of these officers small enough that

The proposed remedy for the long ballot.

¹ From the National Short Ballot Association, *The Doctrine of the Short Ballot*. New York, 1910.

the voters may be able intelligently to study their qualifications. All other officials would be appointed, either directly by executive officers, or through the merit system. The principle of the short ballot is explained in the following extract from a pamphlet issued by the National Short Ballot Association:

Mis-gov-
ernment
lurks only
in the
shadows.

Any conspicuous office is beyond the control of corruptive forces. The conspicuous office stands on a pinnacle of light, utterly beyond the reach of the low politician. Good government is in fact so much a matter of concentration of public attention, that publicity will make even corrupt officials behave themselves and move with great circumspection. . . . Mis-government lurks only in the shadows, in the places where the spot-light never touches. It cannot survive when a commission begins to investigate or when some especially important matter attracts to it the attention of the public.

"Moham-
med must
go to the
mountain."

We cannot hope to raise the level of the political intelligence of the entire citizenship to a point where it can handle the long ballot wisely. "The mountain will not come to Mohammed, Mohammed must go to the mountain." We must shorten the ballot to a point where the average man will vote intelligently without giving to politics more attention than he does at present. We must so reduce the total number of candidates that the newspapers will be able to give adequate attention to each. Voting a straight ticket is not a matter of party loyalty so much as of not knowing what else to do, and split tickets will become common as soon as the list is reduced to a point where each candidate becomes in the mind of the voter a definite personality instead of a mere name on a long list.

Minor
offices to
be made
appointive.

To make public office conspicuous can only be accomplished by making it stand out in solitude before the gaze of the voter. *Let all the encumbrances in the shape of minor offices disappear from the ballot and be made appointive.* Or at the very least prevent the few offices from overshadowing the many. . . .

An example
of a
shortened
ballot.

To be pictorial, let us see how a revised schedule of elections might look if we put into the realm of appointive offices as many as possible of those which public opinion now ignores. All county offices, many city positions and the entire tail of the state ticket would be disposed of and the ballots would look something like this:

<i>First Year</i>	<i>Second Year</i>	<i>Third Year</i>	<i>Fourth Year</i>
President and Vice President four years	Governor four years	Congressman two years	State Senator four years
Congressman two years	State Assemblyman two years	Mayor four years	State Assemblyman two years
City Councilman two years		City Councilman two years	

This schedule . . . provides for every office which is properly within the realm of politics. It provides ballots which any man can and would vote intelligently. The tendency is always to vote for men, not for parties; most men, even now, say, "I shall vote for Mr. —," rather than "I shall vote the Republican ticket." The personality of the conspicuous nominee appeals to the voter far more than his party label and the candidate whose personality is really familiar to the voters is almost independent of either the help or the opposition of his party machine.

Merits of
this plan.

So in the "second year," for instance, men will tell each other "I shall vote for Jackson and Williams," these being candidates for Governor and Assemblyman respectively, and if the wisdom of the latter choice is challenged there will be facts and reasons forthcoming. The average voter could carry the whole political situation in his head — political specialists would be superfluous. Instead of blindly ratifying a boss' selection for assemblyman, the voter will know all about the nominee. . . . Aspirants to office will have to appeal to the voters direct and when elected will be responsive directly to those voters without the intermediate party organization which now acts as a kind of "shock absorber." . . .

We must get on a basis where the good intentions of the average voter find intelligent expression on the entire ticket so as to produce good government year after year without a great fight. . . . Public opinion must always work in broad masses, clumsily but with tremendous force. To make a multitude of little decisions is beyond its

The goal.

more power. It can't play the tune it has in mind upon our complicated political instrument, but give it a keyboard simple enough for its huge, slow hands, and it will hammer out the right notes with precision.

Questions on the foregoing Readings

1. Name several methods of choosing party candidates which have predominated at different periods in our history.
2. Why should the primary elections of all parties be held together on the same election precinct on the same day?
3. How would the "registration or party affiliation" protect the party at the direct primary?
4. Name some minor features of a good primary election law.
5. What did the non-partisan ballot come into use?
6. What is the nature of this ballot?
7. What is its purpose?
8. With reference to Iowa, how many signatures must be secured before a citizen may become a candidate for mayor or commissioner?
9. What is the name of the "improvement league"?
10. How are the claims of candidates for municipal office in Des Moines, Iowa, presented to the voters?
11. What is the influence of personality in such contests?
12. Discuss the same as to the elimination of sectional or ward influence in municipal elections in Des Moines?
13. Why has the preferential voting device been put forward?
14. Give the main provisions of the plan proposed in Cambridge, Massachusetts.
15. What is meant by saying that preferential voting makes possible either a majority choice, or a *legitimate* plurality choice?
16. How is the successful candidate ascertained under this preferential voting plan?
17. What has the plan for proportional representation been put forward?
18. Discuss the framework of the Illinois plan for proportional representation.
19. What is a *quota* for each party to gauge its own strength under this plan?
20. To what extent has the Illinois plan allowed proportional representation to the two principal parties? to minor parties?
21. Trace the development of the long ballot in Ohio.
22. Give some examples of excessive burdens borne by the voters of Ohio cities.

23. How has initiative and referendum legislation increased this burden?
 24. What plan has been advocated as a remedy for the evils of the long ballot?
 25. Point out the chief advantages which are claimed for this plan.
 26. What is the goal of election reformers?
-

CHAPTER XXXVI

HONESTY AND EFFICIENCY IN OFFICE

211. Obstacles to intelligent legislation ¹

Some factors influencing legislation in the United States.

In both state and national legislatures lawmaking is notoriously inefficient and defective. American legislators are not always public-spirited or competent, but even where our lawmakers are conscientious and capable, it has been shown again and again that the laws which they turn out are often defective and ill-considered. We must admit, therefore, that regardless of the personnel of our legislatures there are in this country serious obstacles to intelligent legislation. These obstacles are discussed by Professor Freund in the following passage:

The shortcomings of our present system may be said to be lack of responsibility, lack of expert advice, and lack of principle.

Defects of American legislation: (1) lack of responsibility.

1. *Responsibility.* . . . Any member of the legislature may introduce any bill he pleases, and his doing so does not even necessarily mean that he assumes any responsibility for its form or contents. . . . It has been suggested that it might be well to limit each member of a state legislature to a small number of bills, to induce him to exercise some care and discrimination. If this were regarded as [unreasonable], he might at least be required, as a condition of having his bill considered by a committee, to state at whose request, at the instance of which interest or organization, he introduced a measure; still better to furnish a memorandum of the purpose of the bill and an explanation of its provisions, as is now common in the national legislature when a bill is reported favorably by a committee. This would ensure the correction of many errors and would tend to fix responsibility. . . . All this could be accomplished by rules of the

¹ From the American Political Science Association, *Proceedings at its Fourth Annual Meeting*, 1907. Waverly Press, Baltimore, Md., 1908. Ernest Freund, "The Problem of Intelligent Legislation"; pp. 71-74, 77.

legislature. The publication of bills in advance of their introduction would be even more desirable. . . .

While the executive cannot initiate legislation directly, he can do so practically through friendly members, and assume the political responsibility therefor. The practice is not uncommon now, and will probably grow in the future. . . . The share of our executives in legislation at the final stage of the process is much larger than it is in most European states, but at present the sense of responsibility for its exercise is limited. While governors regard it as their duty to veto measures that are plainly unconstitutional or unworkable, they generally yield to the legislature in matters of policy. A freer exercise of the veto power than is now common, based upon looseness and faultiness of provisions, would, however, be tolerated not only by the people, but probably by the legislature itself. . . .

The part of the executive in securing better laws.

2. *Expert Advice.* — There are two distinct kinds of advice that the legislature stands in need of, the first as to the content of legislation, the second as to its legal form. (a) Lack of expert advice,

As to the first, the theory is that the legislature is acquainted with the circumstances and needs of the people, . . . but as a matter of fact, most of the information necessary for intelligent legislation cannot be acquired without special study or even special training. . . . Where the subject to be legislated on is one not supposed to be technical, the legislature commonly acts upon the vaguest impressions, reflecting popular beliefs and prejudices. . . .

As regards the correct legal form of expressing the subject-matter of legislative proposals, it is recognized that this is a task requiring technical learning. . . . The technical shortcomings of our statutes are chiefly due to the fact that they come from so many hands working without supervision and without a concerted plan. Each statute is apt to create to some extent an administrative machinery of its own; to have its own peculiar provisions for sanction and enforcement, to frame anew rules and principles applicable to already existing acts in *pari materia*. The multiplicity of separate provisions for separate statutes produces dis-harmony and confusion, and unnecessarily encumbers our law. . . .

3. [*Lack of principle*]. — By principle I understand the permanent and non-partisan policy of justice in legislation, the observance of

(3) lack of principle.

the limits of the attainable, the due proportion of means to ends, and moderation in the exercise of powers which by long experience has been shown to be wise and prudent, though it may be temporarily inconvenient or disappointing in the production of immediate results. . . .

212. The legislative reference bureau ¹

The movement to employ expert bill-drafters, and to establish legislative reference bureaus.

The activities of political reformers have not markedly reduced the evils of unintelligent legislation; nevertheless there are here and there indications of a new attitude toward the problems of the lawmaker. There is a growing tendency for state legislatures to employ an expert bill-drafter to draw up laws on technical matters. Often this bill-drafter works in conjunction with a legislative reference bureau, provision for which now exists in a number of states. The first of these bureaus was the Wisconsin Legislative Reference Department, established in 1901. The following is an extract from a publicity bulletin of the Department, issued in 1908:

The best way to improve legislation

Our short experience has taught us many things. We have been convinced that there is a great opportunity to better legislation through work of this kind, — that the best way to better legislation is to help directly the man who makes laws. We bring home to him and near to him everything which will help him to grasp and understand the great economic problems of the day in their fullest significance, and the legislative remedies which can be applied and the legislative limitations which exist.

is to help the legislator.

We must take the theory of the professors and simplify it so that the layman can grasp it immediately and with the greatest ease. The legislator has no time to read. His work is new to him, he is beset with routine work, he has to have conferences with his friends upon political matters, he is beset by office seekers and lobbyists, and he has no time to study. If he does not study or get his studying done for him, he will fall an easy prey to those who are looking out to better their own selfish ends. Therefore we must shorten and digest and make clear all information that we put within his reach. . . .

Some essentials in carrying on this work may be summarized briefly:

¹ From the Wisconsin Legislative Reference Department, *Publicity Bulletin*, 1908.

1. The first essential is a selected library convenient to the legislative halls. This library should consist of well-chosen and selected material. A large library is apt to fail because of its too general nature and because it is liable to become cumbersome. This library should be a depository for documents of all descriptions relating to any phase of legislation from all states, Federal government, and particularly from foreign countries. . . . Books are generally behind the times, and newspaper clippings from all over the country, and magazine articles, court briefs, and letters must supplement this library and compose to a large extent its material. Importance of a library in helping the lawmaker.
2. A trained librarian and indexer is absolutely essential. The material is largely scrappy and hard to classify. We need a person with a liberal education, who is original, not stiff, who can meet an emergency, and who is tactful as well. The librarian.
3. The material is arranged so that it is compact and accessible. . . . Arrangement of material.
4. Complete index of all bills which have not become laws in the past should be kept. This saves the drawing of new bills and makes the experience of the past cumulative.
5. Records of vetoes, special messages, political platforms, political literature, and other handy matter should be carefully noted and arranged. . . . Political documents and records.
6. Digests on laws on every subject before the legislature should be made and many copies kept. Leading cases on all these laws and opinions of public men and experts upon the working of these laws or upon the defects, technical or otherwise, should be carefully indexed, and, as far as possible, published in pamphlet form, with short bibliographies of the subjects most before the people. Digests of laws should be kept.
7. The department must be entirely nonpolitical and nonpartisan or else it will be worse than useless. If you have the choice between establishing a political department and no department at all, take the latter. Importance of nonpartisanship.
8. The head of the department should be trained in economics, political science, and social science in general, and should have also a good knowledge of constitutional law. He should, above all, have tact and knowledge of human nature. The head of the department.
9. There should be a trained draftsman connected with the depart-

A trained draftsman essential.

ment, — a man who is a good lawyer and something more than a lawyer, a man who has studied legislative forms, who can draw a bill, revise a statute, and amend a bill when called upon to do so. Such a man working with this department and the critical data which it contains will be absolutely essential.

213. Defects of the state administration¹

Rapid development of state administrative departments and the result.

The history of state administrative departments in the last half century is the story of rapid and divergent growth, largely without superintendence or direction. As a result, the administrative department is in most states a confused and tangled mass of boards and commissions, bureaus and single offices, often duplicating the work of one another, and largely working without any appreciable degree of coördination. The evils of this situation may be illustrated by the following extract from the 1915 Report of the Illinois Efficiency and Economy Committee:

The defects of state administration, briefly summarized:

As a result of its investigations, the Committee finds that a condition of disorganization and confusion exists in the executive departments of the state government which necessarily produces inefficiency and waste in the state services. . . .

Lack of correlation,

The main points in the indictment may be briefly summarized: . . . Under the existing arrangements inefficiency and waste necessarily arise from the lack of correlation and coöperation in the work of different offices and institutions which are carrying out similar or closely related functions. There are separate boards for each of the state penitentiaries and reformatory and for each of the state normal schools. There are half a dozen boards dealing with agricultural interests; and about a score of separate labor agencies. . . . State finance administration is distributed between a number of elective and appointive officials and boards without concentrated responsibility. The supervision of corporations and of banks, insurance companies and public utilities is exercised by a series of distinct departments. . . . Nor is there any official authority for harmonizing the work of the numerous educational agencies. . . .

¹ From the Illinois Efficiency and Economy Committee, *Report*. Chicago, 1915; pp. 18-24.

Even where there is no direct duplication of work, the present laws frequently give powers to several departments under which each employs agents for purposes which could be more efficiently and economically performed by one agent at the same time. Thus the inspectors of the state board of health, the state food commissioner and the chief factory inspector may each visit the same place for different purposes, and perhaps give conflicting orders; while a single thorough inspection for all of these offices would be more effective and less expensive. . . .

As a result of the absence of any systematic organization of related services, there is no effective supervision and control over the various state boards and commissions. It is true that the greater number of these are under the nominal supervision of the Governor, through his power of appointment and removal. But the very number of separate offices makes impossible the exercise of any adequate control. To a very large extent each authority is left to determine its own action; conflict of authority between two or more offices is often possible; and if harmony and coöperation are secured it is by voluntary compromise rather than by the advice or decision of a superior authority. Under the present arrangements too many independent authorities have power to make expenditures subject to no effective centralized control or responsibility. This situation necessarily leads to waste and extravagance. . . .

One of the most serious defects arising from the lack of correlation and effective supervision over the subordinate authorities is the absence of any satisfactory budget of estimates as a basis of appropriations. [This is a serious evil which must be attacked.] . . .

With the existing lack of efficient executive organization, both the Governor and the General Assembly fail to receive proper information and advice as to needed legislation. . . . Conflicting measures are often proposed by different state authorities; and many proposals are presented from outside sources both on subjects within and without the jurisdiction of existing executive officials. As a result there is no harmonious legislative policy even formulated; and the measures enacted not only lack coherence, but at times acts are passed at the same session which contain directly contradictory provisions. . . .

ineffective
supervision,

lack of
a budget
system,

inadequate
advice on
legislation,

and irresponsible government.

Finally under the present arrangements [the public] is unable to locate definite responsibility for negligence or misconduct in public business. Public opinion usually considers the Governor responsible for the conduct of the state government; but with the lack of effective executive control over the subordinate officials this opinion is not fully justified. At the same time, the popular conception of the Governor's responsibility, in the opinion of this Committee, is based on a sound and just principle; and the machinery of state administration should be so organized as to enable this conception to be adequately realized.

214. Results of a reorganized state administration ¹

Reorganization of the Illinois state administration recommended.

The Illinois Efficiency and Economy Committee offered such conclusive proof of the need of a reorganization of the state administration that the public could not fail to be convinced of the necessity of a change. In 1917, accordingly, the administrative offices in that state were reorganized, more than a hundred offices being consolidated, by combination and elimination, into nine departments. The results to be expected from such a reorganization, the committee had outlined in 1915 as follows:

Results to be expected:

Greater economy

The proposed organization of related services into the same department will bring about greater economy and efficiency by eliminating unnecessary and duplicate positions, and still more by bringing about greater harmony and coöperation in the work of such offices. It should also be easier to avoid overlapping of functions and to promote coöperation between the several main departments. . . . Under the proposed organization there should also be little or no occasion for the creation of additional departments in the future, as new services when needed can be attached to some of the departments already established.

and efficiency.

Efficiency and economy should also be secured under the proposed plan of reorganization by establishing a more definite system of supervision over the several branches of state administration. The head of each department will determine many matters hitherto

¹ From the Illinois Efficiency and Economy Committee, *Report*. Chicago, 1915; pp. 74-76.

brought to the attention of the Governor or decided by minor officials without relation to other related offices; while the more important questions will be presented to the Governor with adequate information and in proper form for prompt action. By this means the Governor will be enabled to give more attention and consideration to the larger problems both of administration and legislation.

With regard to the constitutional elective officers, these cannot be brought under the complete control of the Governor without changes in the state constitution. Under the proposed plans, however, these officials will be given authority and can be held responsible for all matters properly belonging to their offices; while functions now placed on these officers which are not closely related to their primary duties will be transferred to offices under the supervision and control of the Governor.

Shifts in responsibility.

With a well-organized executive system, recommendations from the several departments should also be of much assistance to the General Assembly in matters of legislation. Such recommendations should cover a large part of the important legislation needed; and coming from officers responsible for its execution will be more carefully prepared, both as to substance and form and with reference to previous legislation, than proposals from other sources. By this means there should be brought about greater harmony between the executive and legislative branches of the state government.

Increased assistance in legislation.

Moreover, under the proposed reorganization the general public will be able to learn more readily from the reports of the important departments of the actual conduct of public affairs in any of the main fields of state government. And, as the Governor will have authority over the whole executive organization, and means for enforcing this authority, so far as possible under the present constitution, he may properly be held responsible by public opinion for its operation.

Government will be made more responsible.

The proposed reorganization will also aid in the preparation of a proper budget of estimates as a basis for appropriations. Each department will be able to formulate a careful estimate of needed appropriations, considering the relative demands of its several bureaus and services; and these departmental estimates will be compiled and analyzed by the state comptroller for submission to the Gover-

Budget-making will be facilitated.

nor, who will recommend the aggregate budget of items approved by him to the General Assembly. This will place on the Governor the responsibility for the total amount requested. . . .

An estimate of the economies expected.

To measure accurately in statistical and mathematical terms the expected improvements is more difficult than to point out the general results likely to be gained. But some estimates may be made of the direct financial advantages. The general plans of consolidation and reorganization will directly reduce expenditures for salaries and expenses of officials, and for office expenses by about \$100,000 a year. The saving proposed in the extension of taxes and the interest on tax collection will amount to \$500,000 a year. . . . If the consolidation of prison management results in placing the cost of maintenance on the same per capita basis as in the charitable institutions, there will be a further saving of \$200,000 a year. The more centralized organization proposed for the rental and supervision of state offices and for printing and the purchase of supplies should also bring about a reduction in expenses of not less than \$100,000 a year. [Altogether the saving will not be less than \$1,000,000 a year.] . . .

215. Need of a Federal budget¹

Previous to 1921 there was no Federal budget.

Previous to 1921, our national government had no budget system. Some of the estimates were prepared by the administrative departments, under the direction of the President, while other estimates were prepared by various committees in the House of Representatives. The evils of this situation were lack of responsibility and lack of coördination, resulting in waste and extravagance in the handling of Federal finances. The pressing need of a budget system was dwelt upon by President Taft in a message to Congress, in June, 1912, in the following language:

The situation outlined.

Notwithstanding the magnitude and complexity of the business which is each year conducted by the executive branch and financed by the Congress, and the vital relation which each governmental activity bears to the welfare of the people, there is at present no provision for reporting revenues, expenditures, and estimates for

¹ From William Howard Taft, *Message to Congress*, June, 1912.

appropriations in such manner that the Executive, before submitting estimates, and each member of Congress, and the people, after estimates have been submitted, may know what has been done by the government or what the government proposes to do. . . .

A well-defined business or work program for the government has not been evolved.

Lack of a work program. Reports of expenditures are unsystematic.

The reports of expenditures required by law are unsystematic, lack uniformity of classification, and are incapable of being summarized so as to give to the Congress, to the President, or to the people a picture of what has been done, and of cost in terms either of economy of purchase or efficiency of organization in obtaining results.

The summaries of expenditures required by law to be submitted by the Secretary of the Treasury, with estimates, not only do not provide the data necessary to the consideration of questions of policy, but they are not summarized and classified on the same basis as the estimates.

The report on revenues is not in any direct way related to the expenditures, except as the Secretary of the Treasury estimates a surplus or a deficiency and this estimate is based on accounts which do not accurately show expenditures or outstanding liabilities to be met.

Report on revenues not directly related to expenditures.

Instead of the President being made responsible for estimates of expenditures, the heads of departments and establishments are made the ministerial agents of the Congress, the President being called on only to advise the Congress how, in his opinion, expenditures may be reduced or revenues may be increased in case estimated expenditures exceed estimated revenues. . . .

Lack of responsibility.

The committee organization is largely the result of historical development rather than of the consideration of present needs.

Inadequate provision is made for getting before each committee to which appropriations are referred all of the data necessary for the consideration of work to be done, organization provided for doing work, character of expenditures, or method of financing.

The committee system unable to handle the matter of appropriations effectively.

Following the method at present prescribed, the estimates submitted by each organization unit may have to be split up for consideration by appropriation committees of the Congress and be made the subject of several different bills; in few places are all of the esti-

mates or appropriations asked for by a single organization unit brought together. . . .

While the classification and summaries of estimates do indicate a proposed method of financing, these summaries do not show classes of work or the character of expenditures provided for and therefore can not lay the foundation for the consideration of methods of financing as a matter of governmental policy, as is contemplated under the Constitution.

The appropriations are just as unsystematic and incapable of classification and summary as the estimates—in fact, follow the same general form, making it difficult and in many cases impossible to determine what class of work has been authorized, how much may be spent for each class, or the character of expenditures to be made. . . .

No correlation of revenues and appropriations.

Bills for appropriations are not considered by the committee to which measures for raising revenues and borrowing money are referred, nor are revenues and borrowings considered by committees on appropriations in relation to the funds which will be available.

Conclusion.

So long as the method at present prescribed obtains, neither the Congress nor the country can have laid before it a definite understandable program of business, or of governmental work to be financed; nor can it have a well-defined, clearly expressed financial program to be followed; nor can either the Congress or the Executive get before the country the proposals of each in such manner as to locate responsibility for plans submitted or for results. . . .

216. Essentials of a good budget¹

Rapid development of budget reform after 1900.

The movement for budget reform in this country was rapid after 1900. Almost all of the states now have some sort of a budget system. After a great deal of agitation the beginnings of a National budget have been provided for. In the spring of 1921 a bill establishing a budget system passed both houses of Congress, and on June 10, 1921, the bill became law by the signature of President Harding. These developments are encouraging, though it should be not for-

¹ From the Academy of Political Science, *Proceedings*, 1914-1915. New York, 1915. Frederick A. Cleveland, "Constitutional Provision for a Budget"; pp. 143-145.

gotten that the establishment of a budget system does not mean that the arrangement is entirely satisfactory. Budgets must vary with different needs and circumstances, and yet the essentials are everywhere the same. These essentials Professor Frederick A. Cleveland, one of the leaders of budget reform in this country, describes as follows:

Whatever else a budget is or is not, it must have these essentials:

The two essentials of a budget.

(1) It must be a definite plan or proposal for financing the present and future needs of the state; and (2) it must be submitted to a legislative body by an officer who may be held responsible for the wisdom or unwisdom of its proposals, *i.e.* it must serve as an instrument through which both executive and legislative responsibilities to the electorate may be located and enforced.

As it is of much importance that there be no question, in this discussion, with respect to what is meant by a budget, I shall be still more concrete and attempt to state what the bundle or bag full of papers referred to should be and contain.

A budget should contain

1. A budget should contain a summary statement, in the simplest possible terms, setting forth a proposed plan for financing next year's requirements; and this statement should balance prospective resources against estimates and requests for expenditures.

a proposed plan of financing next year's requirements,

2. A budget should be an instrument of accountability — a statement prepared by a responsible executive or administrative officer showing present financial conditions and past results.

3. As an instrument of accountability and financial planning, a budget should contain (a) statements showing actual and estimated revenues and expenditures; (b) statements showing actual and estimated financial condition, surplus or deficit.

4. Budget statements showing actual estimated revenues and expenditures should provide all the information needed for considering and determining executive recommendations, as well as legislative action, relative to money-raising policy; and executive recommendations, as well as legislative action, relative to money-spending policy.

adequate information concerning revenues and expenditures,

5. The budget information pertaining to estimated expenditures should be such as to support and explain items in the appropriation bill, if one is presented with the budget, or, if not, to enable the proper authorities to draw such a bill.

and a
"work
program."

6. Since the amount of money to be voted for payrolls, supplies, etc., must be governed by work to be done, the budget should contain a well-defined "work program" . . . setting forth what it is that the administration proposes to do with the supplies requested.

7. The "work program" set forth in a budget should be in two parts — one which shows the necessary or proposed costs of rendering public service, and one which shows the proposed costs of making public improvements or betterments — *i.e.* current expenses and charges should be clearly distinguished from capital outlays.

8. A budget should be transmitted as a part of a speech or message or letter from the responsible officer who prepared the plan or program interpreting the significance of the statement and estimates to the legislative body which is asked to pass on it. . . .

217. Results of the commission plan of government¹

Development
of new types
of city
government
after 1900.

Turning now to the problem of honesty and efficiency in municipal government, it should be noted that there are three chief types of municipal government in this country: (a) the mayor-council plan, formerly universal and even now prevailing in most American cities; (b) the commission plan, first applied in 1900, by the city of Galveston, Texas; and (c) the city-manager plan, which is a modification of the commission plan. One of the clearest and most judicial summaries of the commission plan is that by Professor Munro, in which he discusses the results of commission government during the decade 1900-1910. He concludes as follows:

Has
commission
government
made good?

When the agitation for the adoption of the commission plan took definite and forceful shape a half-dozen years ago, the sponsors of the scheme promised that it would bring about great improvement both in the personnel and in the work of city administration. How far have these promises been fulfilled? The experience that we have now put behind us is not extensive and varied enough to give an absolutely sure basis for broad generalization; yet the lapse of a decade has put some things to proof, and of these one may speak with reasonable assurance.

¹ From the *National Municipal Review*, Vol. 1, No. 4, October, 1912. William Bennett Munro. "Ten Years of Commission Government"; pp. 563-568.

In the first place, we were told at the outset that the commission plan would serve to install better men in municipal office. [As a matter of fact, about the same sort of men are connected with the city administration as under the old mayor-council plan.] It can fairly be said, however, that while the change to commission government has not revolutionized the type of official secured by the city, it has permitted men of the same calibre to achieve vastly better results. This it has done by the simplification of official machinery and by the concentration of responsibility in fewer hands. In a dozen or more cities the experience has been that a man who made a very ineffective alderman or councillor or administrative official under the old system of divided powers has succeeded in doing excellent work as a commissioner under the new frame of government.

Extent to which better public service has been secured.

In the second place the sponsors of the commission plan assured us some years ago that their scheme of urban administration would secure a reduction in municipal expenditures. On the whole the commission form of government has failed to do anything of the kind. . . .

Commission government has not reduced the cost of city government.

It is likewise to be feared that a good many commission governed cities have allowed themselves to be deluded into the idea that the mere establishment of the new framework of government sufficiently guarantees thorough improvements in the method of conducting public business. Some commission charters seem to have taken it for granted that any able-bodied citizen can be transformed into a municipal expert by the alchemy of a popular vote. Yet nothing can be plainer than the fact that a change from wasteful and slovenly to efficient business methods cannot be secured by the simple expedient of placing all responsibility in the hands of [a commission.] Commission charters have been too commonly deficient in the matter of definite provisions or expert advice. Their framers seem to forget that the chief responsibility for success or failure in the proper conduct of the city's affairs must rest not upon the commissioners themselves but upon the municipal officials whom they employ. . . .

A fallacy.

These are some of the shortcomings which the experience of a decade discloses in the actual operation of the commission plan. They are not of great importance and all are easily capable of remedy. On the other hand, the system of government by commission has,

manager form is applied, there is provision for a small elective commission, which chooses an experienced executive to manage the city in accordance with business principles. One great difficulty, however, has been the difficulty of finding properly qualified managers. Almost three-fourths of the city managers in the United States a few years ago were novices, yet the position demands a high degree of skill and preparation. In the following passage Mr. Chester C. Maxey discusses the need for training city managers:

The fact is that the problems of public administration are unique and call for a unique training.

The city manager in order to superintend the complex affairs of a large city must not only possess unusual executive ability, but must be acquainted with public finance and accounting, and must have a working knowledge, from the administrative standpoint, of all of the functional activities of a city government. Most city managers have had to acquire this full-rounded training and experience after taking office, and the consequences have not always been happy.

But if a manager is not to secure his training after taking office and at the expense of the taxpayers, he must have the advantage of education for his special task. Such education has been very difficult to secure, because most of the educational institutions which have offered courses preparing for city manager work have been unable to supplement their formal courses with practical experience.

In this particular, the training school for public service of the New York Bureau of Municipal Research is different. [This] is primarily a research organization and the members of its staff devote themselves principally to scientific studies and investigations in the field of public administration. Having surveyed over 100 cities in all parts of the country, a half-dozen counties in various states, and two states, the bureau has accumulated a vast store of information about the methods and technique of public instruction in the United States and has evolved standards for their betterment.

The training school for public servants is conducted as a supplementary activity of the bureau in order that persons desiring to prepare themselves for public work may profit by the experience of the bureau and come into contact with specialists. The method of instruction in the training school is unusual. While formal lectures

A great obstacle to the success of the city manager plan is the scarcity of expert executives.

What the city manager must know.

Necessity of preliminary training.

The New York Bureau of Municipal Research.

How it trains individuals for public work.

and assignments of teaching are not dispensed with: the students learn most by doing practical work under the supervision of members of the staff. When conditions permit, students preparing for executive positions in public life are taken into the field with members of the staff who are conducting surveys, and used in the less important work of the survey. When administrative problems arising in connection with a particular piece of work are discussed in staff conferences, training school students are present to profit by the discussions and to participate in so far as they are qualified. Needless to say, the student soon acquires a clearer conception of government as a going concern and a better grasp of the fundamental principles of management, than could be obtained by any amount of contact with books alone. And the natural consequence is that the students of the training school are apt to develop a practical sense and maturity of judgment that come from experience, as well as the background and vision that come from well rounded study.

The course
of study.

Some conception of the character and scope of the city manager training may be had from the following list of the subjects included in the course of study. The structure and organization of municipal government; municipal charters; the relation of the city and the state; municipal home rule; statistics; civil service and salary standardization; assessment and collection of taxes; debt policies and fund management; budget making and administration; government purchasing; government accounting; management of municipal public works: street cleaning, and refuse disposal; management of parks and playgrounds; public health administration; management of charitable and correctional institutions; police administration; fire administration; municipal public utilities; management of public education.

Conclusion

It is now contended that in this or any school city managers can be made in error, but only that the development of such schooling at New York and elsewhere is due to be an important factor in rounding out the success of the commission manager movement.

Questions on the foregoing Readings

1. Name some factors which influence legislation in this country.
2. To what extent is lack of responsibility an obstacle to intelligent legislation in this country?
3. What two kinds of advice does the legislator need in lawmaking?
4. What is meant by saying that lack of principle is a defect in American legislation?
5. Where and when was the first legislative reference bureau established?
6. What is the best way to improve legislation?
7. What is the importance of a library in helping the lawmaker?
8. Discuss the arrangement of documents, bills and other literature in a good legislative reference bureau.
9. What qualities should be possessed by the head of a legislative reference bureau?
10. What is the importance of a trained draftsman in legislation?
11. Explain the lack of correlation in state administration.
12. What is meant by the "ineffective supervision" in state administration?
13. Explain the charge that the confused character of the state administrative offices often results in inadequate advice on legislation.
14. How does irresponsible government result from a defective arrangement of state administrative offices?
15. Explain how greater economy might be expected from a reorganization and consolidation of state administrative offices.
16. What would be the effect of such reorganization upon efficiency?
17. How might such reorganization render possible greater assistance in legislation?
18. How would such reorganization aid in securing responsible government?
19. Give some examples of the economies which the Illinois Efficiency and Economy Committee expected to result from a reorganization of the state administration.
20. How were financial estimates for the Federal administration prepared previous to 1921?
21. Show how Federal expenditures were unsystematic before 1921.
22. What part did the committee system play in the handling of revenues and appropriations?
23. What was President Taft's conclusion as to the situation existing in national finances in 1911?
24. During what period of our history was the movement for budget reform most active?
25. Name the two essentials of a good budget.

26. Outline some of the more important things which a budget should contain.
27. What are the three chief forms of municipal government in the United States?
28. To what extent has commission government secured better public service?
29. Explain the error of supposing that good government may be secured merely by establishing a commission form of government.
30. Name some important advantages of commission government.
31. What is a great obstacle to the success of the city manager plan of government?
32. How does the New York Bureau of Municipal Research train individuals for city manager positions?
33. Name some of the courses of study at this institution.

CHAPTER XXXVII

THE EXTENSION OF POPULAR CONTROL

219. Constitutional provision for direct legislation ¹

A recent and important movement in American politics is that which is concerned with the extension of popular control. Two methods of extending the direct control of the people over government are the Initiative and the Referendum, which, taken together, are known as Direct Legislation. Direct Legislation has been provided for in more than a third of the states, and in some of these by constitutional provision. Oklahoma, for example, entered the Union in 1907 with a constitution which contained the following provisions for the Initiative and the Referendum:

Popular
control

in Oklahoma:

Section 1. The legislative authority of the state shall be vested in a legislature, consisting of a senate and a house of representatives; but the people reserve to themselves the power to propose laws and amendments to the constitution and to enact or reject the same at the polls independent of the legislature, and also reserve power at their own option to approve or reject at the polls any act of the legislature.

Powers
reserved to
the people.

Section 2. The first power reserved by the people is the initiative, and eight per centum of the legal voters shall have the right to propose any legislative measure, and fifteen per centum of the legal voters shall have the right to propose amendments to the constitution by petition, and every such petition shall include the full text of the measure so proposed.

The
Initiative

The second power is the referendum, and it may be ordered (except as to laws necessary for the immediate preservation of the public peace, health, or safety), either by petition signed by five per centum of the legal voters or by the legislature as other bills are enacted. . . .

and the
Referendum.

Section 3. Referendum petitions shall be filed with the secretary

¹ From the Constitution of Oklahoma, 1907.

Rules governing Direct Legislation.

of state not more than ninety days after the final adjournment of the session of the legislature which passed the bill on which the referendum is demanded. The veto power of the Governor shall not extend to measures voted on by the people. All elections on measures referred to the people of the state shall be had at the next election held throughout the state, except when the legislature or the Governor shall order a special election for the express purpose of making such reference. Any measure referred to the people by the initiative shall take effect and be in force when it shall have been approved by a majority of the votes cast in such election. Any measure referred to the people by the referendum shall take effect and be in force when it shall have been approved by a majority of the votes cast thereon and not otherwise.

The style of all bills shall be: "Be It Enacted by the People of the State of Oklahoma."

Petitions and orders for the initiative and for the referendum shall be filed with the secretary of state and addressed to the Governor of the state, who shall submit the same to the people. The legislature shall make suitable provisions for carrying into effect the provisions of this article.

Referendum on parts of an act.

Section 4. The referendum may be demanded by the people against one or more items, sections, or parts of any act of the legislature in the same manner in which such power may be exercised against a complete act. The filing of a referendum petition against one or more items, sections, or parts of an act shall not delay the remainder of such act from becoming operative. . . .

Section 6. Any measure rejected by the people, through the powers of the initiative and referendum, cannot be again proposed by the initiative within three years thereafter by less than twenty-five per centum of the legal voters.

Powers of the legislature.

Section 7. The reservation of the powers of the initiative and referendum in this article shall not deprive the legislature of the right to repeal any law, propose or pass any measure, which may be consistent with the constitution of the state and the Constitution of the United States.

Protective legislation.

Section 8. Laws shall be provided to prevent corruption in making, procuring, and submitting initiative and referendum petitions.

220. Initiative and Referendum petitions¹

In every state in which the Initiative and Referendum are found, laws have been enacted to regulate the application of these devices. The act passed by the legislature of Missouri in 1909 is typical. This statute provided the forms of petition for the Referendum and Initiative, specified rules for the filing of these petitions, provided penalties for the violations of the act, and otherwise sought to safeguard Direct Legislation. The forms of the Initiative and Referendum petitions, and the nature of the warning against their being fraudulently signed, are illustrated by the following extracts from the Missouri statute of 1909:

Protective legislation accompanying the Initiative and Referendum.

The Missouri statute:

Section 1. Form of petition to refer: The following shall be substantially the form of petition for the referendum to the people on any act passed by the general assembly of the state of Missouri.

It is a felony for any one to sign any initiative or referendum petition with any name other than his own, or to sign knowingly his name more than once for the same measure, or to sign such petition when he is not a legal voter.

Warning as to signatures.

PETITION FOR REFERENDUM

To the Honorable, secretary of state for the state of Missouri: We, the undersigned, citizens and legal voters of the state of Missouri (and the county of), respectfully order that the senate (or house) bill No. . . ., entitled (title of act) passed by the general assembly of the state of Missouri at the regular (special) session of said general assembly, shall be referred to the people of the state, for their approval or rejection, at the regular (special) election to be held on the . . . day of A.D. 19. . ., and each for himself says: I have personally signed this petition; I am a legal voter of the state of Missouri and county of; my residence and postoffice are correctly written after my name.
Name, Residence, Postoffice,

Form used in demanding that a law be referred to the people.

(If in a city, street and number.)

(Here follow numbered lines for signatures.)

Section 2. Form of petition to initiate an act. — The following shall be substantially the form of petition for any law or amendment to the constitution of the state of Missouri, proposed by the initiative.

¹ From the *Statutes of the State of Missouri*, Initiative and Referendum Law, 1909.

Form
used in
initiating
an act.

INITIATIVE PETITION

To the Honorable, secretary of state for the state of Missouri:

We, the undersigned, citizens and legal voters for the state of Missouri, and of the county of, respectfully demand that the following proposed law (or amendment to the constitution, as the case may be), shall be submitted to the legal voters of the state of Missouri, for their approval or rejection, at the regular (special) election to be held on the day of A.D. 19 . . . , and each for himself says: I have personally signed this petition; I am a legal voter of the state of Missouri and of the county of; my residence and postoffice are correctly written after my name.

Name, Residence, Postoffice

(If in a city, street and number.)

(Here follow numbered lines for signatures.)

Every such sheet for petitioners' signatures shall be attached to a full and correct copy of the title and text of the measure so proposed by the initiative petition. . . .

221. Helping the voters to make laws¹

Necessity of
educating
the voters
who are to
engage in
Direct
Legislation.

One reason for the development of Direct Legislation has been the feeling that state legislatures are inefficient. But in so far as this inefficiency is due to the legislator's lack of training in technical matters, direct legislation is no remedy. Indeed, if the Initiative and Referendum are applied to complex and technical subjects, it may be that the voters will prove utterly incapable of an intelligent judgment. In the case of even relatively simple matters, moreover, an effective use of the Initiative and Referendum necessitates some preliminary education. The following extracts from the election laws of Oregon illustrate one method of attempting this education of the voters:

The prepara-
tion of the
ballot title.

Section 5. When any measure shall be filed with the secretary of state to be referred to the people of the state, or of any county or district composed of one or more counties, either by the legislative assembly or by the referendum petition, and when any measure shall be proposed by initiative petition, the secretary of state shall forthwith transmit to the attorney-general of the state a copy

¹ From the *Statutes of the State of Oregon*, Election Law, 1907.

thereof, and within ten days thereafter the attorney-general shall provide and return to the secretary of state a ballot title for said measure. . . . The ballot title shall be printed with the numbers of the measure, on the official ballot. In making such ballot the attorney-general shall, to the best of his ability, give a true and impartial statement of the purpose of the measure, and in such language that the ballot title shall not be intentionally an argument, or likely to create prejudice, either for or against the measure. . . .

Section 8. Not later than the first Monday of the third month next before any regular general election, nor later than thirty days before any special election, at which any proposed law, part of an act, or amendment to the constitution is to be submitted to the people, the secretary of state shall cause to be printed in pamphlet form a true copy of the title and text of each measure to be submitted, with the number and form in which the ballot title thereof will be printed in the official ballot.

Printing
and distrib-
ing the
arguments.

The person, committee, or duly authorized officers of any organization filing any petition for the initiative, but no other person or organization, shall have the right to file with the secretary of state for printing and distribution any argument advocating such measure; said argument shall be filed not later than the first Monday of the fourth month before the regular election at which the measure is to be voted upon. Any person, committee, or organization may file with the secretary of state, for printing and distribution, any arguments they may desire, opposing any measure, not later than the fourth Monday of the fourth month immediately preceding such election.

Arguments advocating or opposing any measures referred to the people by the legislative assembly, or by referendum petition, at a regular general election, shall be governed by the same rules as to time, but may be filed with the secretary of state by any person, committee, or organization; in the case of measures submitted at a special election, all arguments in support of such measure at least sixty days before such election. But in every case the person or persons offering such arguments for printing and distribution shall pay to the secretary of state sufficient money to pay all the expenses for paper and printing to supply one copy with every copy of the

measure to be printed by the state; and he shall forthwith notify the persons offering the same of the amount of money necessary.

The secretary of state shall cause one copy of each of said arguments to be bound in the pamphlet copy of the measures to be submitted as herein provided, and all such measures and arguments to be submitted at one election shall be bound together in a single pamphlet. All the printing shall be done by the state. . . . The title page of every measure bound in said pamphlet shall show its ballot title and ballot numbers. The title page of each argument shall show the measure or measures it favors or opposes and by what persons or organization it is issued. When such arguments are printed, he shall pay the state printer therefor from the money deposited with him and refund the surplus, if any, to the parties who paid him. The cost of printing, binding, and distributing the measures proposed, and of binding and distributing the arguments, shall be paid by the state as a part of the state printing, it being intended that only the cost of paper and printing the arguments shall be paid by the parties presenting the same, and they shall not be charged any higher rate for such work than is paid by the state for similar work and paper.

Not later than the fifty-fifth day before the regular election at which such measures are to be voted upon, the secretary of state shall transmit by mail, with postage fully prepaid, to every voter in the state whose address he may have, one copy of such pamphlet. . . . In the case of a special election he shall mail said pamphlet to every voter not less than twenty days before said election.

222. Constitutional provision for the Recall¹

The Initiative and the Referendum are the two most widespread forms of direct popular control; the third and less well-known form is the Recall. The Recall is a device whereby certain elective officials who, it is claimed, have not given satisfaction in office, may be required to stand for reelection before the end of their term. In its modern form the Recall was first used in 1903 in Los Angeles. The device has since been adopted in a number of states, chiefly in the West.

¹ From the Constitution of Arizona, 1910.

Binding
the meas-
ures and
arguments.

The cost.

Distribution
of the
pamphlets.

Growth of
the Recall
after 1903.

The following extract from the constitution of Arizona illustrates the way in which a state may provide a constitutional basis for this form of popular control:

ARTICLE VIII, *Section 1.* Every public officer in the state of Arizona, holding an elective office, either by election or appointment, is subject to recall from such office by the qualified electors of the electoral district from which candidates are elected to such office. Such electoral district may include the whole state. Such number of said electors as shall equal twenty-five per centum of the number of votes cast at the last preceding general election for all of the candidates for the office held by such officer, may by petition, which shall be known as a Recall Petition, demand his recall.

Every elective officer in Arizona subject to the Recall.

Section 2. Every Recall Petition must contain a general statement, in not more than two hundred words, of the grounds of such demand, and must be filed in the office in which petitions for nominations to the office held by the incumbent are required to be filed. The signatures to such Recall Petition need not all be on one sheet of paper, but each signer must add to his signature the date of his signing said petition, and his place of residence, giving his street and number, if any, should he reside in a town or city. One of the signers of each sheet of such petition, or the person circulating such sheet, must make and subscribe an oath on said sheet, that the signatures thereon are genuine.

Nature of the Recall Petition.

Section 3. If said officer shall offer his resignation it shall be accepted, and the vacancy shall be filled as may be provided by law. If he shall not resign within five days after a Recall Petition is filed, a special election shall be ordered to be held, not less than twenty, nor more than thirty days after such order, to determine whether such officer shall be recalled. On the ballots at said election shall be printed the reasons as set forth in the petition for demanding his recall, and, in not more than two hundred words, the officer's justification of his course in office. He shall continue to perform the duties of his office until the result of said election shall have been officially declared.

The Recall Election.

Section 4. Unless he otherwise request, in writing, his name shall be placed as a candidate on the official ballot without nomination. Other candidates for the office may be nominated to be voted for

The result of the election.

at said election. The candidate who shall receive the highest number of votes, shall be declared elected for the remainder of the term. Unless the incumbent receive the highest number of votes, he shall be deemed to be removed from office, upon qualification of his successor. In the event that his successor shall not qualify within five days after the result of said election shall have been declared, the said office shall be vacant, and may be filled as provided by law.

Limitations
upon the
power to
recall.

Section 5. No Recall Petition shall be circulated against any officer until he shall have held his office for a period of six months, except that it may be filed against a member of the Legislature at any time after five days from the beginning of the first session after his election. After one Recall Petition and election, no further Recall Petition shall be filed against the same officer during the term for which he was elected, unless petitioners signing such petition shall first pay into the public treasury which has paid such election expenses, all expenses of the preceding election.

Application
of the general
election laws.

Section 6. The general election laws shall apply to recall elections in so far as applicable. Laws necessary to facilitate the operation of the provisions of this article shall be enacted. . . .

223. An example of how the Recall is used ¹

The Recall
in practice.

A satisfactory decision upon the merits of the Recall is difficult because it is so recent a development, and still so little used, that few data are available. The state-wide Recall has been in existence for more than a decade, yet few state officials have been removed by it. There are more cases in which the Recall has been used against municipal officials, though not always wisely and not always with success. In the following selection, Mr. F. M. Shannonhouse describes the use of the Recall in Charlotte, North Carolina, in 1919:

Industrial
disorder
sets a Recall
Petition
in motion.

[In the summer of 1919 a street car strike developed in Charlotte. On one occasion] mobs all over the city, composed of delegations from the various cotton mills, stoned the cars and engaged in other lawlessness. The police force remained practically inactive. The day the cars stopped, and the disorders above mentioned occurred, Mon-

¹ From the *National Municipal Review*, Vol. ix, No. 1, January, 1920. F. M. Shannonhouse, "How the Recall Worked in Charlotte"; pp. 4-5.

day, August 25, numbers of reputable citizens signed the petition for a Recall [against the mayor] and others threatened to sign unless order was maintained. [That night a mob gathered in front of the car barns, held a conference], and voted to enter the car barn and "get" the strike breakers. Upon approaching the barn a shot was fired — the mob claims by chief of police, the policemen claim by a member of the mob — immediately followed by promiscuous shooting, resulting in five of the mob being killed and twenty or thirty others being wounded.

Peace, long delayed, reigned. Immediately the demand for the Recall was taken by the mob, and a large portion of union labor. . . . A committee nominated officers to run on the Recall Petition. . . .

The recall candidate for mayor made the issue the unlawful shooting at the car barn. The attitude of a large number who had originally signed the recall petition suddenly reversed. Our newspapers and citizens, neutral so far as unionism was concerned, accepted the issue, waged a fight and defeated the Recall Petition by a vote of 3,300 to 1,900, the biggest election ever held in the city.

The result.

It was not a question of candidates. It was simply a question of enforcement of the law for the present and the future. The city commissioners, unionists and all others have learned where this community stands on that issue.

Significance

While the Recall is condemned by a great many, it is the opinion of many familiar with the apathy and indifference on the part of a majority of the citizens that the Recall Election led to a campaign of education and action absolutely necessary and essential to head off a rapidly growing spirit of bolshevism, class autocracy and political chaos such as would have led to results unknown. . . .

of the Recall Election.

The Recall rendered an invaluable service under our most trying conditions, and amply justified its inclusion in our charter. Present and new conditions make necessary some proper agency for the majority to ascertain immediately where they stand, and whether or not the majority shall rule, and particularly so when the city government is committed to the hands of three or a few men with full legislative and executive authority.

The Recall Election brought out one thousand to fifteen hundred more voters than ever voted before in a city election, because

Conclusion.

it was not "politics." It was law, order, security, life for all — the union man and the non-union man. The fire was quenched instead of being allowed to smoulder for months awaiting a regular election, while the peripatetic agitator and selfish and unscrupulous office seeker would have fanned the flame of hatred and discontent in the community by his misrepresentations.

224. Popular control chiefly a threat¹

The Initiative, the Referendum, and the Recall are relatively little used.

The Initiative, the Referendum, and the Recall are seldom used in most of the cities and states which have provided for these forms of direct popular control. In an investigation conducted by him a few years ago, Dr. Charles F. Taylor found that of 197 municipalities which had provided for the Initiative, the Referendum and the Recall, 137 had not used any of these devices. It is true, of course, that these measures may be more valuable in their existence than in their use, that is to say, they may be of service by inducing a keen sense of duty and responsibility in the minds of officials, without, however, requiring actual use. The following summaries by Dr. Taylor illustrate something of the degree to which these three measures of popular control have been used:

Popular control in Alabama,

Birmingham, Ala. (April, 1911.) Has used the referendum twice: January, 1912, electric light contract; September, 1912, water contract. In both instances contracts were annulled.

California,

Santa Cruz, Cal. (February, 1911.) Initiative: May 6, 1913. Liquor license ordinance; rejected.

Illinois,

Moline, Ill. (April, 1911.) Initiative: July 23, 1912. Telephone franchise; "carried by large majority."

Iowa,

Marshalltown, Iowa. One attempt has been made to recall the mayor: failed.

Kansas,

Pratt, Kan. Referendum: July, 1913, fixing electric light rates. "Ordinance 'knocked out.'" Recall: September, 1913, unsuccessful attempt to recall the mayor.

Montana,

Missoula, Mont. (July, 1911.) Initiative: General election, 1912, on question of closing saloon on Sundays; carried.

¹ From the *National Municipal Review*, Vol. III, No. 4, October, 1914. Charles F. Taylor, "Municipal Initiative, Referendum and Recall in Practice"; pp. 695-700.

Ocean City, N. J. "Have had the initiative and referendum invoked a number of times, possibly two each, with satisfactory results. No recalls have been made or attempted." New Jersey,

Greensboro, N.C. (March, 1911.) Initiative, 1911; establishment of a municipally owned and operated meat market, the city to buy and sell meat; defeated. North Carolina,

Mandan, N.D. Recall: One unsuccessful attempt. North Dakota,

Bartlesville, Okla. (August, 1910.) Recall: September 14, 1911. Attempt to recall mayor and two city commissioners. Failed on account of insufficiency of petition. Oklahoma,

Portland, Ore. (1903.) [The Initiative and the Referendum have been used rather freely, and on the whole successfully.] Oregon,

Dallas, Texas. (April, 1907.) [The Initiative, the Referendum and the Recall have been used rather freely.] Texas,

Hoquiam, Wash. (August, 1911.) Recall: April 24, 1912. Mayor recalled on the charge of incompetency. Washington,

Oshkosh, Wis. Referendum: Fall of 1912, general election. Shall city own water works? carried by an overwhelming majority. . . . and Wisconsin

We see in this review a safe, healthy and commendable exercise of direct powers of the voters in the public affairs of municipalities. These powers have not been abused, as is plainly seen by the large number of municipalities which have these powers, but which have never used them; and in the fact that in no place has their use been "cranky" or excessive. These powers have been used rather freely in Portland, Oregon, and in Dallas, Texas, but we have no evidence that there is any sentiment in these places for the abolition of these powers on account of their somewhat free use. On the contrary, we may reasonably assume that the use of these powers is an evidence of their appreciation — when there is occasion for their use. . . . Conclusion.

Questions on the foregoing Readings

1. What is meant by Direct Legislation?
2. What provision for the Initiative is contained in the constitution of Oklahoma?
3. What does this constitution say concerning the Referendum?
4. What are some of the ways in which statutes may regulate the use of the Initiative and Referendum?

5. What does the Missouri law have to say concerning false signatures to Initiative and Referendum petitions?
6. Describe the form of petition for Referendum in Missouri.
7. Describe the form of petition used in the case of the Initiative.
8. Why is it necessary to help the voters in the work of Direct Legislation?
9. Describe the printing, and distribution to the voters of Oregon, of literature on measures to be submitted to them.
10. Who bears the cost of printing, binding, and distributing this literature?
11. When is this literature distributed?
12. What officers are subject to recall in Arizona?
13. What is the nature of the Recall Petition in Arizona?
14. Describe a Recall Election in Arizona.
15. What limitations does the constitution of Arizona place upon the use of the Recall in that state?
16. Describe the use of the Recall in Charlotte, North Carolina, in 1919.
17. What is meant by saying that the Initiative, Referendum and Recall may be more valuable in their existence than in their use?
18. Give some examples of the use of these measures of popular control in various states.
19. What is Dr. Taylor's conclusion as to the facts brought out in this review?

CHAPTER XXXVIII

PUBLIC OPINION

225. The origin of our personal opinions¹

It is a trite but significant statement that the conduct of the citizen in the affairs of private and public life will be determined largely by the beliefs and opinions which he holds. The nature of these beliefs and opinions will depend upon his early environment, his training, the type of persons and institutions with which he comes in contact, and his habits as an independent thinker. Because of the domination of opinion over the actions of the individual, it becomes necessary to inquire into the means by which we acquire our personal opinions. This question is discussed by President Lowell in the following passage:

We are constantly told to-day how small a part of our actions are the result of our own reasoning, how small a proportion of opinion is personal, how much of it is taken from others in whole or in part ready-made.

The history of religious bodies shows that with the vast majority of men creeds are inherited; or, to speak more strictly, accepted on the suggestion and authority of parents and teachers. It is incredible that if everyone really thought out his beliefs for himself religious lines would remain from generation to generation so little changed as they have, for example, among the Catholics and Protestants in Switzerland. . . . In fact it would be safe to assert as a general rule that the members of every church have accepted its dogmas because they belonged to it, quite as much as they have clung to the church on account of a belief in its creed. Nor is this less true of other spheres of thought. It is manifestly the case in politics, where party

Our actions largely influenced by personal beliefs and opinions.

Many of our opinions are taken from others.

Some illustrations.

¹ From A. Lawrence Lowell, *Public Opinion and Popular Government*. Longmans, Green and Co., New York, 1913; pp. 16-18, 22-24.

affiliations have no less influence in fixing the principles of men, than the principles have in determining the membership of the parties.

Opinions may, of course, be adopted by conscious submission to the authority of someone who is better informed; and Sir George Cornewall Lewis points out that in such a case "The choice of a guide is as much a matter of free determination, as the adoption of an opinion on argumentative grounds." But he does not appear to have perceived to how small an extent the selection of a guide is in fact deliberate or even conscious. In most of the affairs of life we are constantly acting upon suggestions without being aware of their origin, or indeed of the fact that we did not frame our conclusions unaided. . . .

A belief, although adopted on suggestion or authority without mature consideration, may nevertheless be a real opinion and not a mere prejudice or meaningless impression; for the line between what is opinion and what is not is by no means the same as the line between what is personally thought out, or consciously rational, and what comes in other ways. The bulk of every community accepts without adequate reasoning all its fundamental political principles, such as a belief in monarchy or in a federal system of government, in universal suffrage, in trial by jury, and in many other things that the people of a country habitually assume as axioms. . . .

A conviction, therefore, formed because it is in accord with a code of beliefs already in the mind is properly classed as an opinion; but many of the problems that arise in politics, as in the other affairs of life, cannot be solved in this way. They do not present a question of harmony with accepted principles, but the application of an accepted principle to a particular case, or the means to be adopted in attaining an end universally desired; and these things usually require for their determination a considerable knowledge of the subject matter. . . . [For example,] it is generally admitted that children should be educated for their duties in life at the public expense. To what extent are the studies leading to a general education and to what extent are manual and industrial training best adapted to that end? On problems of this kind an opinion worthy of the name cannot be formed without both a process of reasoning and, what is far more difficult, the command of a number of facts. . . .

We often act upon suggestions without being aware of their origin.

The origin of our beliefs as to fundamental political principles.

But some opinions require a personal judgment of facts.

In order, therefore, that there may be a real Public Opinion on any subject, not involving a simple question of harmony or contradiction with settled convictions, the bulk of the people must be in a position to determine of their own knowledge, or by weighing evidence, a substantial part of the facts required for a rational decision.

Conditions
necessary
for a real
Public
Opinion.

226. The importance of talk ¹

In order that individuals may acquire ideas from one another, or influence the judgments of one another, it is necessary that they come into social contact. So far as the formation of public opinion is concerned, this social contact is mainly through the medium of talking or writing. A cornerstone of self-government is freedom of assemblage, of speech, and of the press, for neither self-government nor the formation of sound Public Opinion is possible unless people are allowed to talk. The importance of talk is developed in the following passage by Edwin Lawrence Godkin:

Social
contact
necessary
to
the forma-
tion of
Public
Opinion.

[The] extension of the powers and functions of government makes more necessary than ever a free expression of opinion, and especially of educated opinion. We may rail at "mere talk" as much as we please, but the probability is that the affairs of nations and of men will be more and more regulated by talk.

Importance
of a free
expression
of opinion.

The amount of talk which is expended on all subjects of human interest — and in "talk" I include contributions to periodical literature — is something of which a previous age has had the smallest conception. Of course it varies infinitely in quality. A very large proportion of it does no good beyond relieving the feelings of the talker. Political philosophers maintain, and with good reason, that one of its greatest uses is keeping down discontent under popular government. It is undoubtedly true that it is an immense relief to a man with a grievance to express his feelings about it in words, even if he knows that his words will have no immediate effect. Self-love is apt to prevent most men from thinking that anything they say with passion or earnestness will utterly and finally fail. But still it is safe to suppose that one-half of the talk of the world on subjects of general interest is waste.

Volume of
talk at the
present
time.

¹ From Edwin Lawrence Godkin, *Problems of Modern Democracy*. Charles Scribner's Sons, New York, 1896; pp. 221-224.

Probably
one-half of
the talk
of the world
is wasted,
but the other
half counts.

But the other half certainly tells. We know this from the change in ideas from generation to generation. We see that opinions which at one time everybody held became absurd in the course of half a century — opinions about religion and morals and manners and government. Nearly every man of my age can recall old opinions of his own, on subjects of general interest, which he once thought highly respectable, and which he is now ashamed of having ever held. He does not remember when he changed them, or why, but somehow they have passed away from him.

Some
examples.

In communities these changes are often very striking. The transformation, for instance, of the England of Cromwell into the England of Queen Anne, or of the New England of Cotton Mather into the New England of Theodore Parker and Emerson, was very extraordinary, but it would be very difficult to say in detail what brought it about, or when it began. Lecky has some curious observations, in his *History of Rationalism* on these silent changes in new beliefs *apropos* of the disappearance of the belief in witchcraft. Nobody could say what had swept it away, but it appeared that in a certain year people were ready to burn old women as witches, and a few years later were ready to laugh at or pity any one who thought old women could be witches. . . .

Everything
that is said
has some
effect.

The belief in witchcraft may perhaps be considered a somewhat violent illustration, like the change in public opinion about slavery in this country. But there can be no doubt that it is talk — somebody's, anybody's, everybody's talk — by which these changes are wrought, by which each generation comes to feel and think differently from its predecessor. No one ever talks freely about anything without contributing something, let it be ever so little, to the unseen forces which carry the race on to its final destiny. Even if he does not make a positive impression, he counteracts or modifies some other impression, or sets in some train of ideas in some one else, which helps to change the face of the world. So I shall, in disregard of the great laudation of silence which filled the earth in the days of Carlyle, say that one of the functions of an educated man is to talk, and, of course, he should try to talk wisely.

227. The influence of the leader¹

3

Where individuals habitually come in contact with one another, there is a constant stream of talk. Ideas are interchanged, questions are asked and answered, there are attempts at persuasion and resistance, accusations are made and denunciations are returned. But in this complex of social intercourse, all men are not alike. Some say little and think less; some are timid, others are aggressive and voluble. And though communities vary, there is everywhere a tendency among men to be dominated by natural leaders, to follow the strong, the self-assured, and the aggressive. Leadership is an important factor in the formation of Public Opinion, as Professor Cooley points out in the following selection:

The influence of men in social intercourse varies.

The leader.

If we ask what are the mental traits that distinguish a leader, the only answer seems to be that he must, in one way or another, be a great deal of a man, or at least appear to be. He must stand for something to which men incline, and so take his place by right as a focus of their thought.

A leader must be a great deal of a man.

Evidently he must be the best of his kind available. It is impossible that he should stand forth as an archetype, unless he is conceived as superior, in some respect, to all others within range of the imagination. Nothing that is seen to be second-rate can be an ideal; if a character does not bound the horizon at some point we will look over it to what we can see beyond. The object of admiration may be Caesar Borgia, or Napoleon, or Jesse James the train-robber, but he must be typical, must stand for something. No matter how bad the leader may be, he will always be found to owe his leadership to something strong, affirmative, and superior, something that appeals to onward instinct.

He must be strong, affirmative, and superior.

To be a great deal of a man, and hence a leader, involves, on the one hand, a significant individuality, and, on the other, breadth of sympathy, the two being different phases of personal calibre, rather than separate traits.

The leader must possess

It is because a man cannot stand for anything except as he has a significant individuality, that self-reliance is so essential a trait in leadership: except as a person trusts and cherishes his own special

self-reliance.

¹ From Charles Horton Cooley, *Human Nature and the Social Order*. Charles Scribner's Sons, New York, 1902; pp. 293-297, 310.

tendency, different from that of other people and usually opposed by them in its inception, he can never develop anything of peculiar value. He has to free himself from the domination of purposes already defined and urged upon him by others, and bring up something fresh out of the vague underworld of subconsciousness; and this means an intense self, a militant, gloating "I." Emerson's essay on self-reliance only formulates what has always been the creed of significant persons.

and breadth
of sympathy.

On the other hand, success in unfolding a special tendency and giving vogue to it, depends upon being in touch, through sympathy, with the current of human life. All leadership takes place through the communication of ideas to the minds of others, and unless the ideas are so presented as to be congenial to those other minds, they will evidently be rejected. It is because the novelty is not alien to us, but is seen to ourself in a fresh guise, that we welcome it. . . .

Qualities
of a man
who can
dominate
the minds
of others
in a crisis.

The man of action who, like Napoleon, can dominate the minds of others in a crisis, must have the general traits of leadership developed with special reference to the promptness of their action. His individual significance must take the form of a palpable decision and self-confidence; and breadth of sympathy becomes a quick tact to grasp the mental state of those with whom he deals, so that he may know how to plant the dominating suggestion. Into the vagueness and confusion that most of us feel in the face of a strange situation, such a man injects a clear-cut idea. There is a definiteness about him which makes us feel that he will not leave us drifting, but will set a course, will substitute action for doubt, and give our energies an outlet. Again, his aggressive confidence is transmitted by suggestion, and acts directly upon our minds as a sanction of his leadership. And if he adds to this the tact to awaken no opposition, to make us feel that he is of our sort, that his suggestions are quite in our line, in a word that we are safe in his hands; he can hardly be resisted. . . .

The first
requisite
of a leader
is, not to be
right, but
to show
the way.

Another phase of the same truth is the ascendancy that persons of belief and hope always exercise as against those who may be superior in every other respect, but who lack these traits. The onward and aggressive portion of the world, the people who do things, the young and all having surplus energy, need to hope and strive for an imaginative object, and they will follow no one who does not encourage

this tendency. The first requisite of a leader is, not to be right, but to lead, to show a way. The idealist's programme of political or economic reform may be impracticable, absurd, demonstrably ridiculous; but it can never be successfully opposed merely by pointing out that this is the case. A negative opposition cannot be wholly effectual: there must be a competing idealism; something must be offered that is not only less objectionable but more desirable, that affords occupation to progressive instinct.

228. The merits of Public Opinion¹

Public Opinion is admittedly a powerful and pervading influence. If we go beyond this general statement, however, we come to a somewhat complicated situation. Public Opinion is powerful, but sometimes it reacts to the injury of the community instead of to its benefit. Public Opinion has important merits; on the other hand, it has serious defects. Let us begin a brief analysis of the subject by seeing what are the substantial merits of Public Opinion. These Lord Bryce outlines as follows:

The merits and defects of Public Opinion as a means of social control.

Its merits:

Now let us . . . compare the influence upon the conduct of public affairs which is called, somewhat loosely, the rule of Public Opinion, with the direct control exerted by the citizens when they vote either on a question submitted (Referendum) or for a candidate. The action of opinion is continuous, that of voting occasional, and in the intervals between the elections of legislative bodies changes may take place materially affecting the views of the voters. . . . At elections it is for a candidate that votes are given, and as his personality or his local influence may count for more than his principles, the choice of one man against another is an imperfect way of expressing the mind of a constituency. . . .

The action of Public Opinion is continuous, that of voting occasional.

The result of an election may be determined by the action of an insignificant knot of voters specially interested in a question of slight importance. Anti-vaccinationists, or a few dozens of government employees demanding higher wages, have thus turned elections in English boroughs where parties were of nearly equal strength. . . .

¹ From James Bryce, *Modern Democracies*. The Macmillan Company, New York, 1921. Vol. I, pp. 158-161.

A large percentage of the votes are given with little reference to the main issues involved. It is the business of the managers to "froth up" party feeling and make excitement do the work of reason.

The merits
of Public
Opinion
summed up.

In all the points just enumerated Public Opinion, when and in so far as it can be elicited, is an organ or method through which the people can exert their power more elastic and less pervertible than is the method of voting. It is always operative; its action changes as the facts of the case change and keeps pace with them. It sets the larger and the smaller issues in their true perspective. It reduces petty "fads" or selfish groups to insignificance. It relies, not on organization and party drill, but on the good sense and fairness of the citizens as a whole. It expresses what is more or less thought and felt in all the parties by their more temperate and unbiased members. It is a counterpoise to the power of mere numbers.

Public
Opinion
contrasted
with voting
in these
respects.

At a poll one vote is as good as another, the ignorant and unreflecting counting for as much as the well-informed and wise, but in the formation of opinion knowledge and thought tell. The clash and conflict of argument bring out the strength and weakness of every case, and that which is sound tends to prevail. Let the cynics say what they will, man is not an irrational animal. Truth usually wins in the long run, though the obsessions of self-interest or prejudice or ignorance may long delay its victory. . . . Voting, though indispensable as a means of determining the view of the majority, is a mechanical operation, necessarily surrounded with legal forms, while in the formation and expression of opinion the essential spirit of democracy rises above the machinery and the trammels which machinery imposes, and finds a means of applying its force more flexible, more delicate, more conciliatory and persuasive than is a decision given by the counting of votes.

The relation
of Public
Opinion to
voting.

Voting, I repeat, is indispensable, for it is positive, giving an incontrovertible result. But voting is serviceable just in proportion as it has been preceded and prepared by the action of Public Opinion. The discussion which forms opinion by securing the due expression of each view or set of views so that the sounder may prevail enables the citizens who wish to find the truth and follow it to deliver a considered vote. It is an educative process constantly in progress. In the intervals between elections it imposes some check on the vehe-

mence of party spirit and the recklessness or want of scruple of party leaders, and restrains the disposition of party government to abuse its power. When a ministry or legislature feels the tide of opinion beginning to run against some of their purposes they pause. . . . Many a plan has been abandoned without any formal declaration of popular disapproval because disapproval was felt to be in the air.

229. The defects of Public Opinion ¹

In the above selection the merits of Public Opinion are set forth by one of the most able statesmen of the present generation. In comparing the ballot with Public Opinion he concludes that as a form of social control the latter has many advantages over the former. Let us notice now, that as a form of social control Public Opinion is in several important respects inferior to law. Professor Ross discusses the defects of Public Opinion as follows:

Professor Ross on the defects of Public Opinion.

[The penalties which Public Opinion imposes for mis-conduct] are not *definite*, and not proportioned to the gravity of the offence. No member of the public knows just how much praise or blame, warmth or chill, others are applying. Moreover, systematic inquisition into guilt or merit, with observance of the rules of evidence and due deliberation, is impossible with the public, for it does not function as does a court. It merely *reacts*. From this fact arise the many injustices and mistakes which weaken the authority of Public Opinion.

The penalties inflicted by Public Opinion are neither definite, nor proportioned to the gravity of the offense.

Again, to utilize the temper of the community, it is necessary to strike while the iron is hot. The ministers of the law, if they have a slow foot, have a firm clutch and, like the gods, are known by their long memories. But the public has a short wrath and a poor memory, and the offender, if he dodges into obscurity, and waits till the gust of public indignation is over, often goes unpunished.

The public has a short wrath and a poor memory.

As there is only one law in force at any one time, there can be no clashing of jurisdictions. But the public is rarely unanimous, and Public Opinion often clashes with the sentiment of a sect, party, or class. In a homogeneous community people are able to feel and think

It is rarely unanimous.

¹ From Edward Alsworth Ross, *Social Control*. The Macmillan Company, New York, 1921; pp. 96-97, 99-101.

The result

alike in all important cases, and hence Public Opinion is effective; but in a stratified community, the separation of classes hinders an easy conduction of feeling. Here, then, an offender escapes the lowering glances and bitter words of his fellows by taking refuge in circles where his fault is condoned. The bruiser dives into the sporting class, the duellist haunts the mess-room, the ballot sharp takes refuge with his political friends, the snob shuts himself away from popular derision in a social club. This right of asylum with complaisant coteries is a very grave thing, for it often transforms an act of punishment into a class war, and rends the community in twain. . . .

Public Opinion is powerless when the responsibility for an act cannot be localized.

The might of public wrath is destroyed by anything that diverts it from an individual and spreads it harmlessly over a network of administrative responsibility. The common indignation, always confused by a shifting responsibility, is most baffled when responsibility on being traced back is found to be lodged in a body of men. It is this fact that accounts for the increasing disregard of Public Opinion in the management of business. Corporate organization opposes to public fury a cuirass of divided responsibility that conveys away harmlessly a shock that might have stretched iniquity prone. . . . In such cases public indignation must be given an arm to strike and hurt with, if it is not to become mere impotent rage. [This truth is overlooked by those who] ignorantly extol the might of Public Opinion in all cases whatsoever. . . .

The public is moved and influenced by instincts which cannot be trusted to guide or control modern society.

While the ~~irascible~~^{an angry} instincts were given to man to fit him for the struggle for existence as it was ages ago, nothing is surer than that to-day they are utterly unsafe to follow. . . . The first impulsive reactions of the public have almost nothing to do with social welfare. It does not like unselfish devotion nor does it detest brazen egotism. High on the crest of popular idolatry, the jockey, the bruiser, and the soubrette share the honors with the soldier, the patriot, and the philanthropist. The public is enraged at vivisection or grave-robbing. It is flaccid before bribery, breaking quarantine, the adulteration of drugs, or the plugging of armor plate. People react most against that which shocks their instincts, . . . but these offences being contrary to deep-seated instincts are just those which are least liable to spread and threaten the life of society. Light shines first on the few, and the public is the last to apprehend the

real bearing and ultimate results of conduct. The handful of thoughtful men penalize forest-firing and the selling of explosive oil, and the killing of game out of season, while yet the senseless mob is gnashing its teeth at vaccinators and body snatchers. . . .

In certain directions . . . unenlightened Public Opinion pushes regulation to excess. It is possible for the vague feelings against vegetarianism, or long hair, or "bloomers," or non-church-going, to run together into a hostile and imperious public sentiment. It is but a step from the image-breaker's hatred of stained glass, the Scotch Calvinist's contempt for a violin, the rabble's resentment of a silk hat, or the frontiersman's detestation of a "biled" shirt, to a persecution that is as senseless as it is abominable. To the ignorant, unlikeness is an affront, nonconformity an outrage, and innovation a crime. Give full play to this feeling, and you have the intolerant multitude, eager to stretch every one on its Procrustean bed. It was the majority that stoned Stephen, banished Aristides, poisoned Socrates, mobbed Priestley, and beat Garrison. . . .

Unenlightened Public Opinion may push regulation to the point of persecution.

230. The improvement of Public Opinion ¹

Three points have been brought out in the two foregoing selections: first, that Public Opinion is a powerful force, second, that it has its merits, and third, its defects. The constructive student should react to this situation by sanctioning a program which will serve to retain and to enlarge the merits of the Public Opinion, remove or mitigate its defects, and, in short, direct its power into channels which will be productive and helpful. The improvement of Public Opinion may come about in many ways, but fundamentally, perhaps, it depends upon education. The importance of the educative process in this regard is developed by Professors Blackmar and Gillin in the following passage:

The problem with respect to Public Opinion.

Inasmuch as social order has been developed by slow degrees, control by force has, at times, been necessary as a temporary check upon insubordination; but it is always soon replaced by other agencies. Gradually the idea has grown that other forms of control are cheaper

Importance of education in social control.

and more easily administered; and gradually other methods have become the usual ones. Since, however, the conscious effort of society to govern itself demands a recognition of the laws of social development and requires, among the component members of society, some ability to control themselves in the interests of the group, society cannot do better than to adopt the educational method as a means of establishing that high degree of intelligence necessary for democratic social control. . . .

The full expression of Public Opinion depends upon the diffusion of general intelligence.

If the general intelligence is low, Public Opinion will, of necessity, be wrong in its premises; and the type of political and social life which develops will then be undemocratic. It is, of course, possible for a community to maintain order on a low standard of social responsibility; but only that society will be progressive and self-controlled in which Public Opinion is permeated with social idealism. And notwithstanding that, in any community, Public Opinion may sometimes be created by a few of the more intelligent, the fact remains that unless the majority has sufficient intelligence to understand the ideas of the leaders and make them their own, society will be controlled, not by Public Opinion, but by the opinions of a dominant few. For it is only when the members are in intelligent and harmonious sympathy with one another that Public Opinion can receive full expression — a condition involving not only individual capacity, but the perfection of social machinery as well.

Effect of education upon the improvement of government.

As education grows more and more general, the critical faculty of individuals, becoming stimulated, gradually raises the governmental ideal. But the development is, indeed, gradual; for even when people have determined what is right, they sometimes find it very difficult so to perfect the machinery of legislation and justice as to carry out their ideals. As a matter of fact, there is nothing in human experience that requires more foresight, ability, and harmonious social action than does the creation of laws for the government of a free people. . . .

Self-government calls for an educated people.

Thus the state that is to be perpetuated through self-government must see to it that its citizens are well educated. . . . Beginning in the grammar grades and continuing with increased force through the high school and the university, special training should be given in all the subjects that pertain to social order and social control. . . . Everything that leads to an acquaintance with the political and indus-

trial history of the nation, with its social and economic conditions, with its forms of government, its constitutional and common law, and, indeed, with its social relations, should be taught in its public schools.

Yet while the educating process should begin with the children and continue with the youth of the country, the work is not finished with the training of these. And although discussion of public questions and some little dissemination of information is secured through the press and the platform, these agencies are really inadequate to meet the growing need. A realization of this inadequacy has recently led to the fruitful suggestion that the present public forum, furnished by newspapers, books, periodicals, public lectures and addresses, be supplemented by neighborhood gatherings of adults in the community building, the schoolhouse, for the discussion of questions of common interest. The suggestion has received the hearty indorsement of men of every political party and such leading educational and social bodies as the National Education Association, the National Federation of Woman's Clubs, the National Municipal League, the American Federation of Labor, the American Prison Congress, and three of the national political parties. And Wisconsin has already placed upon her statute books a law requiring that, upon the request of a certain number of citizens, the educational authorities shall open the doors of the schoolhouses for just such purpose.

Extent of
the educa-
tional
process.

In carrying out this project, there are, of course, such practical problems to be met as that of gaining a sufficient number of the people of a community to take an interest in the discussion of public questions and that of centering the responsibility for requisite leadership. But the suggestion is certainly most significant and most worthy of an honest endeavor to make the public school more effective in promoting the intelligence and social efficiency of that ninety odd per cent of our people who never get beyond the grammar grades of our schools. More than this, special technical schools preparatory to civil service should be maintained for those who expect to make government their vocation; for if a state provides education for its own protection and general social well-being, and neglects the training of its officials, it is failing to use the best means it has for conscious development and social control.

The
movement
to extend
the scope
and influ-
ence of
education
is to be
commended.

Questions on the foregoing Readings

1. What are some of the factors which influence the nature of our personal beliefs and opinions?
2. How do most men come by their religious beliefs?
3. How do we come by many of our fundamental political beliefs?
4. What type of opinions require a personal judgment of facts?
5. What, according to President Lowell, are the conditions necessary for a real Public Opinion?
6. What is the relation of social contact to Public Opinion?
7. To what extent does "talk" regulate the affairs of nations and of men?
8. What proportion of talk is probably wasted?
9. Illustrate the influence of talk upon beliefs current in the community.
10. Explain the statement that everything that is said probably has some effect.
11. What is the relation of leadership to Public Opinion?
12. What are some of the essential qualities of the leader?
13. Why must the leader not only be self-reliant, but also have breadth of sympathy?
14. Explain what is meant by saying that the first requisite of a leader is, not to be right, but to lead, to show a way.
15. In what way is continuity a merit of Public Opinion?
16. Give the merits of Public Opinion, as summed up by Lord Bryce.
17. Explain the relation of Public Opinion to voting.
18. What does Professor Ross mean by saying that one defect of Public Opinion is that it is not definite?
19. Why does the inability of the public to be unanimous constitute a defect? Give some examples.
20. Explain why Public Opinion is influenced by instincts which cannot be trusted to guide and control modern society.
21. Give some examples of how unenlightened Public Opinion may push regulation to the point of persecution.
22. What is the great problem with respect to Public Opinion?
23. What is the relation between a diffusion of general intelligence and the full expression of Public Opinion?
24. Trace the growing tendency to extend the scope of education.
25. What is the conclusion of Professors Blackmar and Gillin with respect to the value of this tendency?

INDEX

- Administration (see *State Administration*).
- Albany plan of union, 32-34.
- Almshouse, an ideal, 329-331.
- America, discovered by Columbus, 1-3.
- American colonies, combine for defense, 30-32; and the Albany plan of union, 32-34.
- American people, occupations of, 79-83.
- American Tobacco Company, 372-374.
- Americanization, 275-277.
- Andrews, John B., on labor exchanges, 228-231.
- Arbitration, failure of voluntary, 239-242.
- Arizona, education in, 351-352; the Recall in, 510-512.
- Articles of Confederation, selection from, 34-37; defects of, 38-39, 39-42.
- Ballot, non-partisan, 473-475; long, 479-481; short, 481-484.
- Bank (see *Banking*).
- Banking, and the commercial bank, 418-419; before 1913, 419-421; and the panic of 1907, 421-423; and the Federal Reserve System, 423-425, 425-427, 427-429 (see *Federal Reserve System*).
- Bill of Rights, Virginia, 22-24.
- Bishop, C. F., on the suffrage, 443-444.
- Black, F. R., on industrial relations, 242-244.
- Blackmar and Gillin, on Public Opinion, 527-529.
- Boehm-Bawerk, E. von, on production, 91-93.
- Bogart, E. L., on natural resources, 75-77.
- Bolshevism, established in Russia, 197-198; suffrage under, 198-200; dictatorship of the proletariat, 200-201; propaganda under, 202-203; letter on failure of, 203-205; abandoned for capitalism, 205-206 (see *Socialism*).
- Boyle, J. E., on marketing, 341-343.
- Bradford, William, on the Pilgrims, 5-8.
- Brasol, Boris L., on socialism, 210-212.
- Bryce, James, on the political party, 457-459; on Public Opinion, 523-525.
- Budget, need of a Federal, 494-496; essentials of a good, 496-498.
- Bullock, C. J., on rent, 123-124.
- Bush, C. H., on contracts, 134-136.
- Business, governmental encouragement of, 83-85.
- California, and the Japanese problem, 273-275.
- Calkins, Raymond, on marriage, 320-321.
- Campaign contributions (see *Political Party*).
- Carver, T. N., on distribution since the Industrial Revolution, 121-123; on the forms of competi-

- tion, 136-138; on industrial reform, 223-224.
- Carlton, F. T., on labor legislation, 231-232, 264-266.
- Charity (see *Dependency*).
- Check and balance system, 53-55.
- Child laborers, standards for, 255-257.
- City, home life in the, 311-313.
- City manager, training the, 500-502.
- Civil Service Act of 1883, 463-465.
- Class struggle, 179-181 (see *Socialism*).
- Clay, Henry, on production, 141-142.
- Cleveland, F. A., on the budget, 496-498.
- Collins, C. W., and negro suffrage, 450-453.
- Colonies, growth of the English, 11-13; declare their independence, 24-28. (see *American Colonies*).
- Colonial manufacturers, 98-100.
- Colonists, struggles of the, 9-11.
- Columbus, discovers America, 1-3.
- Commission government, 498-500.
- Commons, J. R., on the division of labor, 102-103.
- Communist Manifesto, 177-179, 179-181.
- Competition, forms of, 136-138.
- Conference of Governors, on conservation, 405-407, 407-409.
- Connecticut, settlement of, 20; a republic established in, 20-22.
- Conservation, of human life, 253-255 (see *Natural Resources*).
- Consolidated school, in the country, 345-347.
- Constitution, origin of the Federal, 42-43; essentials of American government under the, 45-59; individual rights under, 45-46; states' rights under, 47-48; powers of the Federal government under, 48-51; interpretation of, 51-53; and the check and balance system, 53-55; and the Federal judiciary, 55-58.
- Contracts, types of, 134-136.
- Cooley, C. H., on the leader, 521-523.
- Coöperation, examples of successful, 167-169; examples of unsuccessful, 169-170; social benefits of, 171-172.
- Corporations, taxation of, 435-436.
- Country (see *Rural Life*).
- Credit (see *Banking*).
- Crime, and legal procedure, 281-283; and the Public Defender, 283-285; and the juvenile court, 285-287; and imprisonment, 287-289; and the psychopathic expert, 289-291; and reformation, 291-293.
- Declaration of Independence, 24-28.
- Democratic party on the tariff, 397-399.
- Democratic program of industrial reform, 223-224.
- Dependency, and the neighborhood, 323-325; diagnosis of, 325-327; and the friendly visitor, 327-329; ideal almshouse, 329-331; state institutions, 331-333; financial federation, 333-335.
- Des Moines Housing Commission, 311-313.
- Detroit Associated Charities, 325-327.
- Dictatorship of the proletariat (see *Bolshevism*).
- Direct legislation, constitutional provision for, 505-506; in Missouri, 507-508; in Oregon, 508-510; actual use of, 514-515. (see *Initiative, Referendum*).

- Direct Primary (see *Primary, Elections*).
- Distribution, previous to the Industrial Revolution, 119-121; since the Industrial Revolution, 121-130.
- Division of labor, principle of, 93-95; in colonial manufactures, 98-100; example of, 102-103; relation to the market, 105-107.
- Divorce, uniform law on, 315-318.
- Dorr, Thos. W., on suffrage, 445-446.
- Dwight, Timothy, on the early settlers, 9-11.
- Economic freedom, kinds of, 138-140.
- Education, of the negro, 297-299; for home making, 318-328; standardization of schools, 351-352; financing the schools, 353-354; school attendance, 354-356; vocational, 357-358; wider use of the school plant, 359-360; money value of, 361-362.
- Elections, non-partisan, 473-475; preferential voting and, 475-477 (see *Primary*).
- Elliot, Johnathan, Debates, 42-43.
- Ely, R. T., on socialism, 217-219; on social reform, 219-221.
- Employee representation, 249-251.
- Exchange, advantages of, 115-117.
- Family, economic disruption of, 309-311; and urban life, 311-313; mothers' pensions, 313-315; divorce law, 315-318; education for home making, 318-320; attitude toward marriage, 320-321.
- Farm (see *Rural Life*).
- Fay, C. R., on cooperation, 171-172.
- Federal Constitution (see *Constitution*).
- Federal government, constitutional powers of, 48-51; extent of powers, 51-53; check and balance system, 53-55; the judiciary, 55-58.
- Federal Reserve System, nature of, 423-425; centralization of banking under, 425-427; elasticity of banking under, 427-429; (see *Banking*).
- Federal Trade Commission, 374-376.
- Federation, financial, 333-335.
- Forests (see *Natural Resources*).
- Franklin, Benjamin, on the colonial population, 11-13; on colonial union, 32-34; on the new Constitution, 42-43.
- Freedom, kinds of economic, 138-140.
- Freund, Ernest, on legislation, 486-488.
- Friendly visiting, 327-329 (see *Dependency*).
- George, Henry, on poverty, 147-148; on the single tax as a remedy for poverty, 148-152 (see *Single Tax*).
- Gide, Charles, on price, 111-113; on exchange, 115-117; on private property, 132-134.
- Godkin, E. L., on talk, 519-520.
- Groves, E. L., on the cityward drift, 337-339.
- Hamilton, Alexander, on the Articles of Confederation, 39-42.
- Hanna, J. R., on the non-partisan ballot, 473-475.
- Harding, President, on the issues of the twentieth century, 70-73.
- Hart, A. B., on negro suffrage, 448-450; on voting, 453-455; on the political party, 459-461.

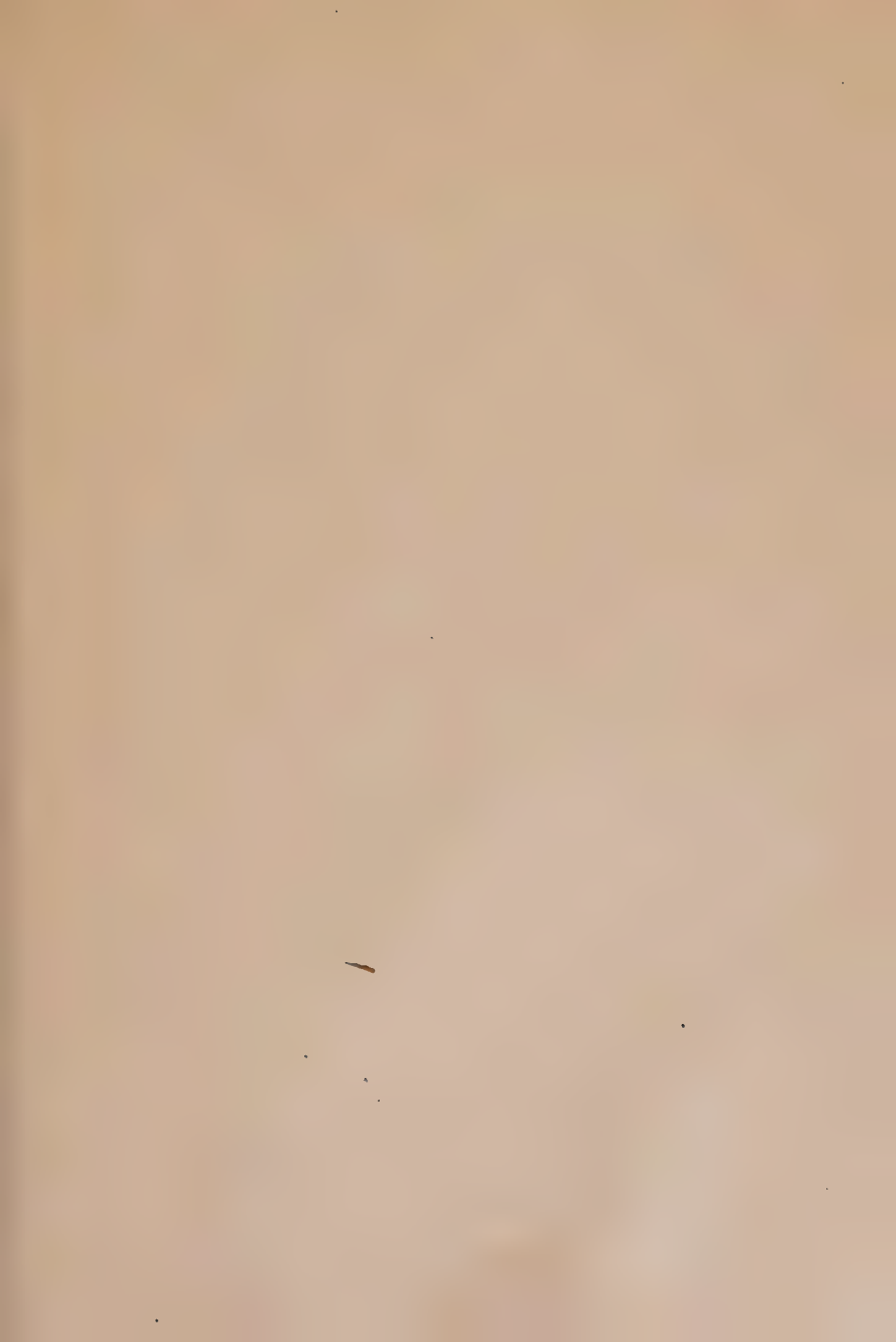
- Hazard, Blanche E., on colonial manufactures, 98-100.
- Henderson, C. R., on imprisonment, 287-289; on dependency, 331-333.
- Home life, in the city, 311-313.
- Home making, education for, 318-320.
- Hull, R. M., on preferential voting, 475-477.
- Illinois, minority representation in, 477-479; state administration in, 490-492, 492-494.
- Immigration, labor supply, 268-270; living conditions, 270-272; literacy test, 272-273; Japanese, 273-275; Americanization, 275-277; policy, 277-279.
- Imprisonment, substitutes for, 287-289.
- Indiana, taxation reform in, 435-436; 438-440.
- Industrial combination, 364-366 (see *Trust*).
- Industrial reform, not dependent upon socialism, 219-221; democratic program of, 223-224.
- Industrial relations, legal responsibility in, 242-244; Kansas Court of, 244-246; principles of, 246-249; and employee representation, 249-251.
- Industrial Workers of the World (see *I. W. W.*).
- Initiative, in Oklahoma, 505-506; in Missouri, 507-508; in Oregon, 508-510; actual use of, 514-515 (see *Referendum, Recall, Popular Control*).
- Interest, factors influencing, 124-126.
- International trade, basis of, 391-393 (see *Tariff*).
- I. W. W., call to organize, 185-187; declare war on capitalism, 187-188; mass action, 188-190; sabotage, 190-191; press extracts, 191-193; the social revolution, 193-195 (see *Socialism, Bolshevism*).
- Jackson, Andrew, on the aims of government, 62-63.
- Jamestown, conditions at, 3-5.
- Japanese immigration, 273-275.
- Johnson, A. S., on international trade, 391-393; on tariff, 393-395.
- Johnson, Franklin, on the negro, 297-299.
- Juvenile court, 285-287.
- Kansas Court of Industrial Relations, 244-246.
- Kemmerer, E. W., on the Federal Reserve System, 425-427, 427-429.
- Labor legislation, purpose of, 231-232; constitutionality of, 264-266.
- Labor theory of value (see *Socialism*).
- Land bank system, 339-341.
- Landfield, J., on bolshevism, 203-205.
- Lawlessness, Lincoln on, 62-63.
- Leader, influence of the, 521-523.
- Legislation, obstacles to intelligent, 486-488; aids to, 488-490.
- Legislative Reference Bureau, in Wisconsin, 488-490.
- Lenin, N., on bolshevism, 200-201 (see *Bolshevism*).
- LeRossignol, J. E., on the socialist theory of value, 208-210.
- Lichtenberger, J. P., on the family, 309-311.
- Lincoln, Abraham, on lawlessness, 63-65.

- Literacy test, 272-273.
 Lopoushkin, N., suicide letter of, 203-205.
 Lowell, A. L., on Public Opinion, 517-519.
 M'Culloch *vs.* Maryland, decision in the case of, 51-53.
 McKenzie, R. D., on the urban neighborhood, 323-325.
 Madison, James, on the Federal Constitution, 53-55.
 Magna Charta, selection from, 15-16.
 Maine Supreme Court, opinion concerning private property, 412-414.
 Majority representation, 475-477.
 Marbury *vs.* Madison, decision in the case of, 55-58.
 Market, and the division of labor, 105-107; for provisioning a great city, 113-115.
 Marketing the farmer's produce, 341-343.
 Marriage, attitude of young people toward, 320-321 (see *Family*).
 Marx, Karl, on value, 174-177; on the exploitation of the laborer, 177-179; on class struggle, 179-181 (see *Socialism*).
 Maxey, C. C., on the city manager, 500-522.
 Mayflower Compact, 16-18.
 Meat packing, division of labor in, 102-103.
 Minimum wage, 259-262.
 Minority, representation of, 477-479.
 Missouri, Initiative and Referendum in, 507-508.
 Money, nature and function of, 109-111.
 Monroe, Paul, on profit sharing, 165-166.
 Mothers' pensions, 313-315.
 Moton, Robert R., on the negro, 305-307.
 Municipal utilities, ownership of, 380-381, 381-383.
 Munro, W. B., on woman suffrage, 447-448; on commission government, 498-500.
 National Cash Register Company, indictment of, 368-370.
 Natural resources, of the nation, 75-77; necessity of conserving, 405-407; Conference of Governors on, 405-407; 407-409; National Conservation Association, 409-410; principles of conservation, 410-412; legal basis of conservation, 412-414; needed legislation with respect to the conservation of, 414-416.
 Natural right, and the suffrage, 445-446.
 Negro, occupations of the, 295-297; education of, 297-299; legal protection of, 299-301; migration, 301-303; and interracial coöperation, 303-305; a charge to the, 305-307; suffrage, 448-450, 450-453.
 Neighborhood and the city, 323-325.
 New England Confederation, 30-32.
 New York, law regulating campaign contributions in, 465-466.
 Non-partisan ballot, 473-475.
 North Carolina, Recall in, 512-514.
 Occupations of the American people, 79-83.
 Ohio, long ballot in, 479-481.
 Oklahoma, popular control in, 505-506.
 Opinion (see *Public Opinion*).
 Ordinance for Virginia, 18-20.
 Oregon, legal recognition of the

- political party in, 467-469; popular control in, 508-510.
- Panic of 1907, 421-423 (See *Banking*).
- Party (see *Political Party*).
- Pensions for mothers, 313-315.
- Pilgrims, resolve to leave Holland, 5-6; reach America, 7-8; establish a pure democracy, 16-18.
- Pioneer, work of the, 9-11.
- Political party, organization of, 457-459; influence upon the voter, 459-461; spoils system, 461-463; campaign contributions, 465-467; legal recognition of the, 467-469.
- Population of the United States, growth of, 77-79.
- Popular control, in Oklahoma, 505-506; in Missouri, 507-508; in Oregon, 508-510; in Arizona, 510-512; in North Carolina, 512-514; investigation of the extent of, 514-515 (see *Initiative*, *Referendum*, *Recall*).
- Poverty, in modern life, 147-148 (see *Dependency*).
- Preferential voting, 475-477.
- Price, as a measure of value, 111-113.
- Primary, an ideal law governing, 271-273. (see *Elections*).
- Private property, evolution of, 132-134.
- Production, man's part in, 91-93; in anticipation of demand, 141-142.
- Profit sharing, extent of in the United States, 161-162; examples of successful, 163-164; examples of unsuccessful, 165-166.
- Profits, factors influencing, 128-130.
- Property (see *Private Property*).
- Psychopathic expert, and crime, 289-291.
- Public Defender, 283-285.
- Public Opinion, origin of personal opinions, 517-519; and talk, 519-520; and the leader, 521-523; merits of, 523-525; defects of, 525-527; improvement of, 527-529.
- Public utilities, social importance of 378-379 (see *Railroads*, *Municipal Utilities*).
- Railroads, development of, 107-109, 383-385; government administration of, 385-387; legislation affecting, 387-389.
- Recall, in Arizona, 510-512, in North Carolina, 512-514 (see *Initiative*, *Referendum*, *Popular Control*).
- Referendum, in Oklahoma, 505-506; in Missouri, 507-508; in Oregon, 508-510; actual use of, 514-515 (see *Initiative*, *Recall*, *Popular Control*).
- Reformation, principles of, 291-293 (see *Crime*).
- Reizenstein, M., on early railway development, 107-109.
- Rent, factors influencing, 123-124.
- Representation, of the majority, 475-477; of the minority, 477-479.
- Republican party, on the tariff, 400-402.
- Rhode Island, demand for suffrage in, 445-446.
- Rights, of the individual, 45-46; of the states, 47-48.
- Roosevelt, Theodore, on the problems of American life, 65-68; on conservation, 405-407; on taxation, 436-438.
- Ross, E. A., on Public Opinion, 525-527.

- Rural life, reasons for cityward drift, 337-339; land bank system, 339-341; marketing, 341-343, the farm woman, 343-345, consolidated school, 345-347, community spirit, 347-349.
- Sabotage, 190-191.
- Savages, the productive methods of 95-97.
- Schaeffle, A., on the defects of socialism, 215-217.
- School, consolidation of the rural, 345-347 (see *Education*).
- Schurz, Carl, on the spoils system, 461-463.
- Seager, H. R., on interest, 124-126.
- Seligman, E. R. A., on economic freedom, 138-140; on taxation, 225-226, 431-433.
- Shannonhouse, F. M., on the Recall, 512-514.
- Sherman Anti-trust Act, 370-372.
- Short Ballot Association, 481-484.
- Single tax, and poverty, 147-148; as proposed by Henry George, 148-150; results claimed for, 150-152; the case for the, 152-155; the case against the, 155-158; services rendered by the agitation for, 158-159.
- Slater, Samuel, and American industrial development, 100-101.
- Smith, Adam, on the division of labor, 93-95; on the relation of the division of labor to the market, 105-107; on the nature and function of money, 109-111; on the factors influencing wages, 126-128; on taxation, 440-442.
- Smith, Captain John, on conditions at Jamestown, 3-5.
- Smith, Reginald H., on the Public Defender. 283-285.
- Socialism, labor theory of value, 174-177; exploitation of the laborer, 177-179; class struggle, 179-181; aims of American, 181-183; fallacy of the labor theory, 208-212; further arguments against, 212-214; defects of production under, 215-217; defects of distribution under, 217-219; versus social reform, 219-221 (see *Bolshevism*, I. W. W.).
- Spoils system, evils of, 461-463 (see *Political Party*).
- Sprague, O. M. W., on the panic of 1907, 421-423; on the Federal Reserve System, 423-425.
- Starr, F., on the productive methods of savages, 95-97.
- State administration, defects of, 490-492; reform of, 492-494.
- States' rights under the Constitution, 47-48.
- Strikes and lockouts, extent of, 237-239.
- Suffrage, under bolshevism, 198-200; in colonial times, 443-444; demand for universal, 445-446; woman, 447-448; negro, 448-450, 450-453; and the actual use of the ballot, 453-455.
- Taft, William H., on criminal procedure, 281-283; on a Federal budget, 494-496.
- Talk, importance of, 519-520.
- Tariff, basis of international trade, 391-393; nature of, 393-395; United States Tariff Commission, 395-397; Democratic party on, 397-399; Republican party on, 400-402; and national prosperity, 402-403.
- Taussig, F. W., on profits, 128-130; on the inequality of wealth, 143-145; on the tariff, 402-403.

- Taxation, defects of American, 431-433; breakdown of the general property tax, 433-434, of corporations, 435-436; social significance of 436-438; need of study in the problem of, 438-440; principles of, 440-442; and unearned wealth, 225-226 (see *Single Tax*).
- Thompson, Carl D., on municipal ownership, 380-381.
- Thrift, practice of, 233-235.
- Transportation Act of 1920, 387-389.
- Trust, a typical agreement, 366-368; abuse of power by the, 368-370; legislation affecting, 370-372, 374-376; the American Tobacco Company ordered dissolved, 372-374.
- United States, growth of the population of, 77-79.
- United States Railroad Administration, 385-387.
- United States Steel Corporation, development of, 364-366.
- United States Tariff Commission, 395-397.
- United States *vs.* Patterson et al., 368-370.
- Value, as measured by price, 111-113; socialist theory of, 174-177.
- Villard, Oswald G., on the negro, 303-305.
- Virginia, House of Burgesses in, 18; representative government in, 18-20; asserts the principles of just government, 22-24.
- Vocational education, problems of, 357-358.
- Vocational guidance, promise of, 226-228.
- Voters, how influenced by the political party, 459-461; education of in Oregon, 508-510.
- Voting, the question of compulsory, 453-455; preferential, 475-477.
- Wages, factors influencing, 126-128.
- Warbasse, J. P., on coöperation, 167-169, 169-170.
- Washington, George, on the period following the Revolutionary War, 38-39; charge to the nation, 60-62.
- Wealth, of the nation, 87-89; inequality of, 143-145; unearned, 225-226.
- Wilson, Woodrow, on the dangers of the World War period, 68-70.
- Wisconsin Country Life Conference, on community spirit, 347-349.
- Wisconsin law regulating campaign contributions, 466-467.
- Wisconsin Legislative Reference Department, 488-490.
- Workmen's Compensation, a typical law providing for, 262-264.
- World War period, Wilson on the dangers of, 68-70.
- Woman suffrage, 447-448.
- Woodburn, J. A., on an ideal primary law, 271-273.
- Young, A. N., on the single tax, 158-159.



Dear Sir,
I have the honor to acknowledge
the receipt of your letter of the
11th inst. and in reply to inform
you that the same has been
forwarded to the proper
authorities for their consideration.

All
respects



